

MEDIUM TERM FINANCIAL STRATEGY

2026-27 TO 2029-30



Cyngor Bwrdeistref Sirol



SECTION 1. INTRODUCTION		Page No.
1.1	Aims and Purpose of the Medium Term Financial Strategy	2
1.2	MTFS Principles	2
1.3	Corporate Financial Overview	4

SECTION 2. CONTEXT		Page No.
2.1	Well-being Objectives	10
2.2	Key Statistics	10
2.3	Scrutiny and Challenge	16
2.4	Service Overview	18

SECTION 3. THE FINANCIAL CLIMATE		Page No.
3.1	Current Financial Situation	30
3.2	Welsh Government Local Government Settlement	32
3.3	Forecast Financial Position	34
3.4	Corporate Risk Assessment	37

SECTION 4. BUDGET 2026-27		Page No.
4.1	Revenue Budget 2026-27	38
4.2	Capital Programme and Capital Financing	47
4.3	Council Reserves	51
4.4	Council Tax	52

SECTION 5. LONGER TERM OUTLOOK		Page No.
5.1	Longer Term Financial Outlook Considerations	53
5.2	Sources of Funding	53
5.3	Future Cost Pressures and Risks	56
5.4	Longer Term Strategy	60

SECTION 1. INTRODUCTION

1.1 Aims and Purpose of the Medium Term Financial Strategy

1.1.1 The Council's Medium Term Financial Strategy (MTFS) is set within the context of UK economic and public expenditure plans, together with Welsh Government's priorities and legislative programme. The MTFS articulates how the Council plans to use its resources to support the achievement of its well-being objectives and statutory duties, including the management of financial pressures and risks over the next four years. It helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of balances to meet changes in resources or demands from year to year without impacting unduly on services or council tax payers.

1.1.2 The MTFS includes:-

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2026-27 and outline proposals for 2027-28 to 2029-30.
- The capital programme for 2025-26 to 2035-36, linked to priority areas for capital investment based upon the Council's Capital Strategy.
- The Corporate Risk Assessment.

1.1.3 Through the MTFS the Council aspires to improve understanding of its financial strategy, to clarify the link between its corporate well-being objectives and the financial planning processes, and to explain the Council's goal of delivering sustainable services in line with the overarching ambition of the Well-being of Future Generations (Wales) Act 2015. It also seeks to provide information on the Council's longer term financial outlook and the probable impacts that current trends and future decision-making will have on the financial health of the Council in the years to come.

1.2 MTFS Principles

1.2.1 As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which drive the budget and spending decisions over 2026-2030 and which Members and others can examine and judge the Council's financial performance against. The thirteen key principles are to ensure that:

1. There will be a "One-Council" approach to the Medium Term Financial Strategy with a view on long term, sustainable savings proposals that are focused on ensuring that the Council remains financially viable over the full period of the MTFS.
2. All budget related decisions will align with the principles of the Well-being of Future Generations (Wales) Act 2015.
3. The Council will continue to meet its statutory obligations and demonstrate how it directs resources to meet the Council's well-being objectives. Other resource strategies (including the Treasury Management Strategy and Capital Strategy)

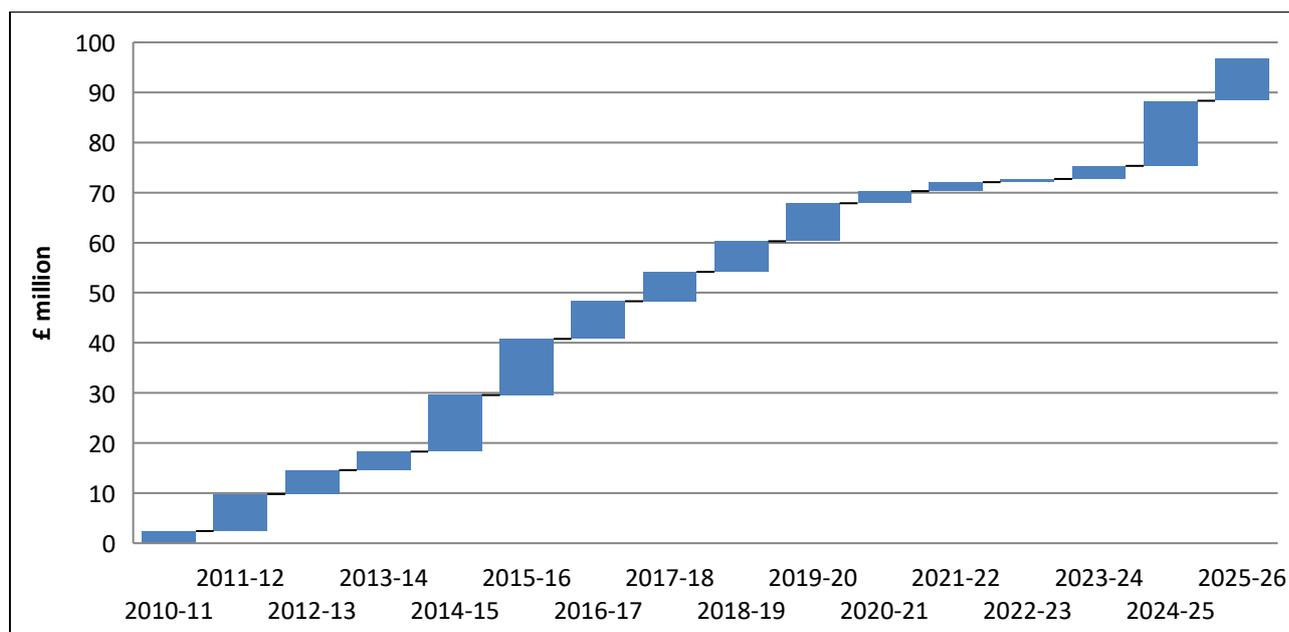
are kept under review to maintain alignment with the MTFS and the Corporate Plan.

4. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities.
5. All services will seek to provide value for money and contribute to public value, and will continuously review budgets to identify efficiency savings.
6. Financial plans will provide an optimum balance between income and expenditure for both capital and revenue, with opportunities for generating additional income taken in line with the Council's Fees and Charges Policy.
7. Savings proposals are developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays.
8. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.
10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
13. Resources are allocated to deliver transformational projects based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS.

1.3 Corporate Financial Overview

1.3.1 Since austerity began in 2010 the Council has made almost £96.7 million (nominal value) of budget reductions, as shown below. These reductions represent almost 25% of the Council's current net budget, however the percentage of savings and cuts has not been equal across all Council services, with relative protection given in past years to some areas, such as social services.

Chart 1: Bridgend County Borough Council (BCBC) Budget Reductions 2010 to 2025



While the Council's net revenue budget is planned at £408.149 million for 2026-27, its overall expenditure far exceeds this. Taking into account expenditure and services which are funded by specific grants or fees and charges, the Council's gross budget will be around £550 million in 2026-27. The Council's annual revenue budget covers the day-to-day running costs of the Council (including staff salaries, building maintenance, pensions, operational costs etc.). Around £240 million of the gross budget is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include for example waste collection operatives, social care workers, leisure staff and foster carers.

1.3.2 The Council gets the majority of its gross revenue funding (52%) from Welsh Government (WG) through the Revenue Support Grant and a share of non-domestic rates. The Council supplements this through council tax collection (20%), other grants (19%) and fees and charges (9%). Council tax is a charge that local authorities charge to help to pay for their services. The amount that council tax payers pay is made up of 3 elements:

- Bridgend County Borough Council charge
- Community Council charge
- Police and Crime Commissioner for South Wales charge

1.3.3 In terms of council tax, the proportion of council tax required to balance the Council's budget has steadily increased over recent years. In 2014-15 council tax funded 23% of the net revenue budget and it now funds around 28% of the net revenue budget. This means that for every £1 spent on services provided by the Council, only around 28 pence is funded by local council tax payers.

1.3.4 As well as having less real income to fund services, there are other pressures that squeeze resources. Amongst these are:

- Legislative changes in social care, including the Health and Social Care (Wales) Act 2025, which reflects Welsh Government's commitment to move towards the eradication of profit from children's social care, adult protection safeguarding requirements including deprivation of liberty safeguards, changes to the Public Law Outline for children and the statutory requirement for local authorities to reflect the Real Living Wage for care workers in commissioning arrangements. These legislative changes are not fully funded by Welsh Government and the removal of profit particularly has significant revenue and capital implications. Grant funding which has been made to support the transitional phase is due to end in 2027-28 which will increase cost pressures.
- Other legislative changes e.g. the Welsh Government's commitment to eradicate homelessness, local authorities' responsibilities in respect of responding to climate change and meeting net zero carbon targets, the Welsh Language and Education (Wales) Act 2025 and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.
- An increase in need in children's social care - an ongoing exponential increase in contacts has been evident in the last year. Whilst the integration of early help services and the strengthening of permanent recruitment in children's social work teams has improved strength-based practice and resulted in a reduction in child protection registrations and the number of care experienced children, those children who are care experienced have the highest level and most complex needs, requiring foster care and residential accommodation, care and support. The last year has seen significant challenges around sufficiency of accommodation, care and support for care experienced children, an issue which all local authorities in Wales are facing. There has been a consistent number of high-cost independent residential placements and on occasion 'operating without registration' placements for children and young people. To meet this need the budgetary position has worsened as the number of high cost placements continues to exceed budget. There has also been a reduction in the number of in-house foster carers which has exacerbated the need for residential care. This area will be a priority for an invest-to-save initiative with an aim of significantly preventing and de-escalating these high-cost placements whilst continuing to reduce the total number of looked after children.
- Demographic changes – the size of the population is increasing as people living longer with complex health conditions. This means the number of people living in Bridgend with health and social care needs is also increasing with age related illness and disability. An ageing population can bring a range of health and social care needs which require care and support. The Cwm Taf Morgannwg Population Needs Assessment (2022-27) identified poorer physical and mental health and well-being and greater need for support from all parts of the population with many people living with multiple health

conditions and in complex health situations. The cost of living crisis also places more pressure on families and informal care arrangements. Needs have been exacerbated by delays in access to NHS treatment. At a time when there has been an increase in contacts within adult social care and increased complexity of issues, there has been less financial support from Welsh Government through targeted grants to address whole system pressures around the interface between hospital and community. There is significant pressure in the areas of learning disabilities and mental health as well as older people's services. In addition, the complexities and challenges for carers supporting individuals - children or adults – with significant disabilities are evident. Changing the model of support for adults with a learning disability and mental health is a priority. This will reduce the costly use of residential care for some.

- Changing pupil demographics can challenge education services through giving schools financial instability, due to the requirement to fund schools on pupil numbers, through affecting long term sustainability of schools with falling rolls, impacting on the longer term planning of school places, and potentially resulting in increases in pupils with additional learning needs, not always in schools where there is provision.
- An increase in free school meals entitlement, separate from and additional to the Welsh Government's Universal Free School Meal entitlement, which brings additional funding pressures, as this increases the amount of funding that is needed to be provided to schools through their delegated budgets.
- More recently, a reduction in the council tax collection rate, due to the difficult economic circumstances that people find themselves in. This is coupled with a potential increase in council tax support as more people find themselves on low incomes or claiming benefits during the cost of living crisis.

1.3.5 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 homelessness. 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.

1.3.6 Budget planning for the financial year 2026-27 continues to be more uncertain and challenging than usual, with a number of existing and new cost pressures presenting themselves and making a demand on the Council's limited resources. In addition, there continue to be high expectations on the Council to address homelessness more robustly, and on a longer- term sustainable basis, and additionally to meet the needs of a growing and ageing population for social care, which results in increased demand and costs as well as more complex cases in both adult and children's services. In addition, providers of social care – both inside the Council and commissioned services – are experiencing, significant inflationary pressures due to wage inflation, including above inflation uplifts to the Real Living Wage, recent increases to national insurance costs and rising energy costs. There is new legislation in the form of the Health and Social Care (Wales) Act (2025) and the transitional revenue and capital costs associated with this legislation require significant investment. We also continue

to see increased budgetary pressures in services for pupils with additional learning needs, due to increasing demand and complexity of needs. The Council is having to reduce spend and services in a climate that requires more support for our older and more vulnerable members of society with substantial increased demand for many services.

1.3.7 The Council's Corporate Plan sets out the approaches that it will take to manage these pressures whilst continuing to ensure that, as far as possible, services can be provided that meet the needs of the citizens and communities in Bridgend. These approaches are:

- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This is not always as easy as it sounds because often different rules or opportunities apply to different services. Nevertheless, acting as 'One Council working together to improve lives' is enshrined in the Council's vision.
- The Council will support communities and people to become more resilient by creating their own solutions and reducing dependency on the Council. It is not sustainable for the Council to continue to aspire to meet each and every need that arises and there is capacity, talent and ideas within the community that can be encouraged to play an active and effective role in sustaining and often enhancing local services. The Council has a role in encouraging, enabling and leading this approach and has adopted this as one of its underlying principles.
- The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty and disadvantage. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions. The socio-economic duty on public bodies, which came into force on 31 March 2021, reflects these aims.
- The Council currently has four well-being objectives that reflect these and other principles. After more than a decade of austerity, with more and more of our residents struggling, we will also continue to improve efficiency and make better use of the resources we have. This means we will ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives. The effective and efficient use of resources will continue to inform our principles and ways of working in the Corporate Plan, as well as being tested through the corporate self-assessment process.

1.3.8 In seeking to continue to meet the Council's identified priorities and protect its investment in education and early intervention, social services and well-being, and prioritise the most vulnerable in our society, as far as possible, we are proposing the following changes in the 2026-27 budget:

Additional Income

Whilst recognising the ongoing economic challenges that local people and businesses will face next year, the Council will seek to raise additional income. For

all services, the Council has a policy to recover service costs and will seek to do this where possible.

Alternative Delivery Models

We will continue to seek alternative ways of delivering services if that can ensure greater sustainability and efficiency. Work is ongoing to “re-set” the relationship between this Council and Town and Community Councils to ensure better coordination and liaison between us. The intention is that Town and Community Councils (TCCs) will be better able to take on additional responsibility for some local services when appropriate. This work has been enhanced this year with the appointment of a Town and Community Council Liaison Officer, whose role is to act as the main point of contact between the Council and TCCs, providing support, guidance and communication, developing and maintaining strong working relationships. The current review and consultation on local service delivery and the size and nature of town and community councils will also inform the way forward.

During 2025-26 the Council underwent a Panel Performance Assessment. The headline findings from the assessment were very positive. However, 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.’ To address the issues raised, the Council is now developing a transformation plan which will set out a clear, long-term vision for Bridgend in 2040, and some broad themes / work streams for how we will achieve that vision. Additional strategic capacity has been put into the authority to increase our resilience and enhance the capacity for change. Specifically, it is anticipated that an acceleration of the Council’s digital programme will deliver long term efficiency savings. In addition, the council will better embed programme and project management with additional investment to deliver change and sustainability. Wherever possible, staff restructuring will be done sympathetically, and we will also continue to support home and agile working and digital technology to ensure the Council is fit for the future.

Efficiency Savings

The best kind of budget savings, of course, remain ones where there is little or no direct impact on residents or staff. After more than a decade of substantial budget savings, opportunities for large scale savings of this sort are now very scarce, but where they emerge, they remain an important component of the MTFS.

Over recent years savings have been made by rationalising the number of operational depots and releasing three of the Council’s major staff offices at Sunnyside, Sunnyside House and Ravens Court. We intend to close the Innovation Centre to release savings from associated running costs, and potentially sell it to generate a capital receipt. The ongoing investment in installing energy efficiency measures in the Council’s buildings, including schools, will also continue to offer savings. The Council will continue to seek to apply for and secure grants where they can lead to revenue savings and greater sustainability of important services. Other potential savings are being considered in relation to the remodelling of social services provision.

Changes to Service Provision

Unfortunately, despite the settlement we will receive for 2026-27 being an increase overall, it is still not sufficient to cover all of the things that we need to fund, and due to the number of unavoidable pressures we are facing it is not possible for us to balance the budget without also making consequential changes to the level of services that we can provide and prioritising those services that are deemed most important in terms of meeting the Council's agreed priorities. In particular it is important that where the Council runs a service that also benefits other organisations and partners that appropriate contributions are made, where possible, to complement the Council's investment.

SECTION 2. CONTEXT

2.1 Well-being Objectives

2.1.1 The Council's vision is to act as:

“One Council working together to improve lives”

We will do this by delivering our well-being objectives. In setting our well-being objectives we set out what we aim to achieve and why they are important. Our well-being objectives for 2026-27 onwards are:

- A prosperous place with thriving communities
- Creating modern, seamless public services
- Enabling people to meet their potential
- Supporting our most vulnerable

2.2 Key Statistics

2.2.1 Key Financial Statistics:

In order to consider the future direction of the Council, it is important to look back over recent years to understand how previous financial settlements have shaped the current financial position of the authority. **Table 1** below outlines the key budget changes over the last 10 years.

Table 1: BCBC Budget Statistics

	2015-16 £m	2025-26 £m	% increase
BCBC Council Budget	252.201	383.226	51.95%
WG Funding	188.409	276.528	46.77%
Council Tax Income	63.792	106.698	67.26%
% of Net Budget funded by Council Tax	25.29%	27.84%	10.07%

In real terms, Welsh Government (WG) funding is falling year on year and this has impacted on the proportion of funding that is required to be met from council tax, compared to external WG funding. The total collected from council tax has increased by nearly 70% during the last 10 years – this is as a result of a combination of the increase in the number of chargeable properties, as the population has increased, and increases in council tax charges which have been required to balance the budget.

Financial Performance

Current Year (2025-26) Financial Performance

The in-year financial position as at 31 December 2025 is shown in **Table 2** below.

Table 2 – Comparison of budget against projected outturn at 31 December 2025

Directorate/Budget Area	Original Budget 2025-26 £'000	Revised Budget 2025-26 £'000	Projected Outturn Q3 2025-26 £'000	Projected Over / (Under) Spend 2025-26 £'000
Directorate				
Education, Early Years and Young People	154,862	158,786	158,281	(505)
Social Services and Wellbeing	115,909	119,585	119,026	(559)
Communities	33,754	34,429	34,548	119
Chief Executive's	24,815	25,762	26,103	341
Total Directorate Budgets	329,340	338,562	337,958	(604)
Council Wide Budgets				
Capital Financing	5,958	5,907	3,303	(2,604)
Levies	10,209	10,209	10,209	0
Apprenticeship Levy	750	869	874	5
Council Tax Reduction Scheme	17,054	17,054	17,221	167
Insurance Premiums	1,363	1,363	1,507	144
Repairs & Maintenance	670	670	600	(70)
Pension Related Costs	430	430	462	32
Other Council Wide Budgets	17,452	8,162	1,836	(6,326)
Total Council Wide Budgets	53,886	44,664	36,012	(8,652)
Total	383,226	383,226	373,970	(9,256)

The overall projected position at 31 December 2025, as reported to Cabinet on 3 February 2026, is a net under spend of £9.256 million comprising £604,000 net under spend on directorates and a net under spend of £8.652 million on Council wide budgets. The projected under spend has improved from the £5.897 million reported at quarter 2 primarily due to savings on Minimum Revenue Provision (MRP) charges following the change in policy on the calculation of MRP (£1.004 million) and additional grant funding from Welsh Government.

Historical Financial Performance

Table 3 outlines the historical outturn position over the previous three financial years. From 2022-23 the significant pressures facing services and central budgets, due to increased demand and inflationary increases, have resulted in a more challenging financial position and this is reflected in the outturn position. Annually the Council continues to review its reserves and draws down in line with need before establishing new reserves for emerging pressures. For the 2022-23 financial year, due to limited funding at year end, the Council was not able to increase the value of the Council Fund and drew down a far greater amount of funding from earmarked reserves than in previous years, in order to prevent an overall over spend position.

In 2023-24 due to the level of demand facing the Council it ended the financial year in an over spend position, the first time in its history. This required the Council to review all of its earmarked reserves and unwind a number of them, in order to balance the budget. The financial settlement from Welsh Government for 2024-25 was more favourable than anticipated, and this enabled the Council to address some of the more significant budget pressures and demands, which then resulted in a more favourable outturn position at year end. This was also helped by year-end grant allocations from Welsh Government for a number of areas, including schools and social services, generating under spends that were not budgeted for during the financial year. Given the favourable outturn position, the Council used a significant element of this funding to establish new earmarked reserves to support pressures continuing into 2025-26 and to enable investment through the Council's capital programme. It must be remembered that earmarked reserves are one-off and cannot be used to offset future budget savings or reduce council tax.

Table 3: Historical Financial Outturn Position 2022-2025

	2022-23 £000	2023-24 £000	2024-25 £000
Council Budget	319,514	342,334	360,671
Outturn	318,231	350,894	347,941
(Under) / Over Spend	(1,283)	8,560	(12,730)
Net Council Tax Collection	(774)	(1,506)	(611)
Transfers to / (from) Earmarked Reserves	2,057	(6,952)	13,063
Transfer to / (from) Council Fund	0	(102)	278

Usable Reserves

In terms of financial reserves, the Council Fund balance has actually decreased over the four year period shown in **Table 4**. This represents 2.6% of the net revenue budget for 2025-26 or 3.9% of the net revenue budget, excluding schools. This is lower than the level recommended in MTFs Principle 9 which states that:

The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.

Should we continue drawing down from this reserve going forward it will put the financial sustainability of the Council at risk.

Table 4: Usable Reserves 2021-2025

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves
2021-22	10,110	106,733	21,773	6,047	144,663
2022-23	9,832	92,496	25,728	4,511	132,567
2023-24	9,730	63,998	25,985	2,155	101,868
2024-25	10,008	67,871	32,021	5,723	115,623

Usable reserves decreased quite significantly in 2023-24, mainly as a consequence of the year-end outturn position, which meant that a number of earmarked reserves had to be unwound to reduce the revenue deficit. For 2024-25, due to slippage of some capital schemes into 2025-26, and the maximisation of capital grants received, there has been little draw down on the capital receipts reserve; and overall the balance has increased due to sales of the Ravens Court offices and land in Porthcawl. It is important to note that within the earmarked reserves balance is a capital programme reserve which, similar to the capital receipts reserve, supports major capital schemes within the capital programme. As the potential to generate capital receipts from the sale of assets diminishes, this has become an important source of funding for the capital programme and enables major capital schemes to progress without the need for borrowing which would put additional pressure on the revenue budget. As at 31 December 2025 the balance on the capital programme reserve was £46.083 million, which constituted 69% of the earmarked reserves balance, leaving around £21 million for other commitments, including:

- £1.893 million Service Transformation
- £2.082 million Building / Asset Management
- £2.762 million Equalisation Funds and Grants
- £7.139 million Specific Directorate Pressures

Earmarked reserves are reviewed regularly, drawn down when required and unwound when no longer necessary. Detailed reviews of earmarked reserves continue to be undertaken throughout 2025-26 to enable reserves to be unwound and repurposed, ensuring that those remaining were committed to specific schemes over a specific timeframe.

Borrowing and Investments

The Council's Treasury Management Strategy sets out its approach with regard to borrowing and investments. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This strategy is prudent when investment returns are low and counterparty risk is relatively high. However, with limited capital receipts likely to be available in future years and significant capital investment planned, including the Sustainable Communities for Learning Band B Programme, the Council is forecasting an increased capital financing requirement.

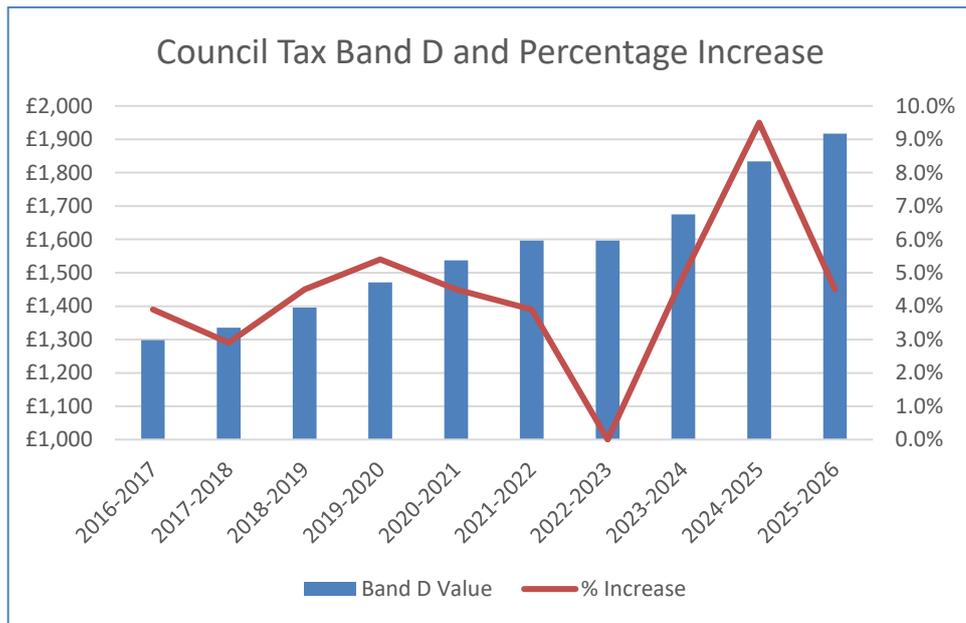
Capital interest costs as a percentage of the net revenue budget have historically averaged between 3% to 4%. However, this could increase if budgets are squeezed

further, capital reserves reduce, and the Council's under-borrowed position diminishes.

Council Tax

Chart 2 below provides a breakdown of Bridgend Council's Band D charge from 2016-17 to 2025-26, along with the percentage council tax increase for that financial year. The average increase over the period is 4.4% and the Band D charge has increased from £1,297.78 to £1,916.96.

Chart 2: Council Tax Band D Annual Value and Percentage Increase



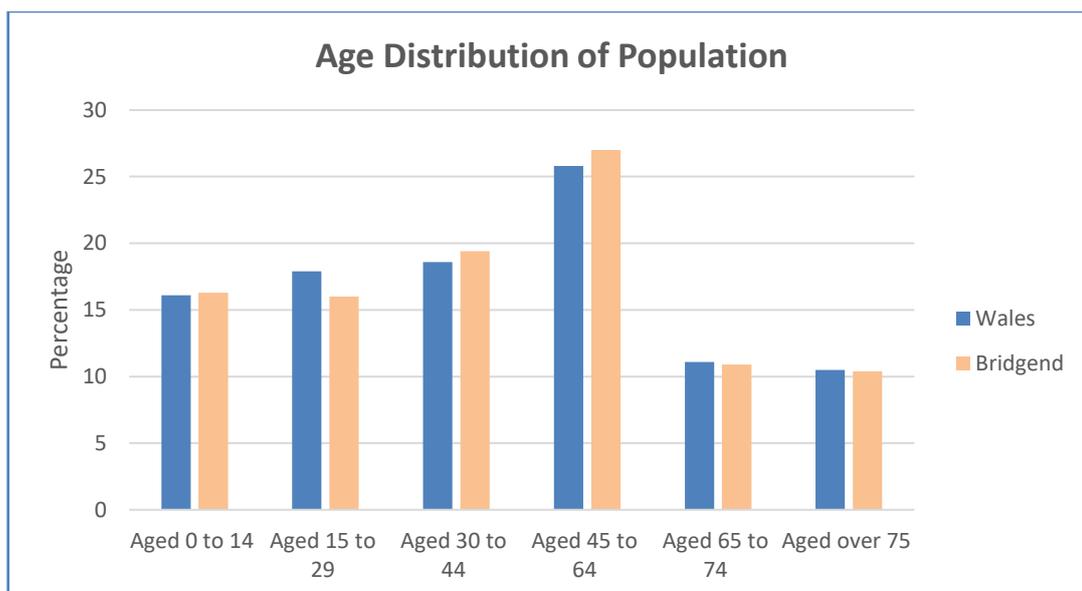
2.2.2 Non-Financial Statistics:

Population

Welsh Government's mid-year estimates show that, between 1991 and 2023, Bridgend's population increased from 129,477 to 146,743, an increase of 13.3%, compared to an all-Wales increase over the same period of 10.1%. Based on Welsh Government's population projections this is expected to continue to rise and reach around 158,000 by 2042.

The age distribution of the County Borough is broadly in line with the average for Wales, however there is a higher percentage of 30 to 64 year olds, and lower percentage of 15 to 29 and 65+ year olds. **Chart 3** shows the age distribution of the population based on Welsh Government's mid-year estimate for 2023.

Chart 3: Age Distribution of Population at mid-year 2023



A growth in population places greater demand on Council services including housing and homelessness, education, environment services and social care. The level of unemployment is also instrumental in determining the demand for Council funded benefits such as council tax reduction or concessions when paying for Council services.

Employment

In terms of employment, for the period July 2024 to June 2025, 75.3% of Bridgend's population was economically active compared to an all-Wales level also of 75.9% (Nomis – Official Census and Labour Market Statistics), based on the working age population, with 24.7% of Bridgend's population classed as economically inactive (e.g. students, looking after family or home, temporarily or long term sick, or retired). Of the 75.3% who were economically active, 72.2% were in employment, with the remainder unemployed. Bridgend and Wales' economic activity rate is lower than the rate for Great Britain as a whole, at 78.8%.

Any increase in the number of those unemployed or on low incomes will create a pressure on a number of service areas, including housing and social services, but also on benefit related services such as council tax support.

Pupil Numbers

The Council has a total of 59 schools (infant, junior, primary, secondary and special, Welsh medium and church schools), along with a pupil referral unit, with around 23,000 pupils. A number of these buildings are in poor condition with a backlog of repairs and maintenance issues. Pupil numbers overall and within and across schools do not remain static, and are currently rising, which impacts upon the need to provide the right number of school places in the right locations. The Council has already invested £21.6 million in providing new and refurbished schools under Band A of the Sustainable Communities for Learning programme and has also committed to spending a further £42 million of capital funding under Band B of the current

programme. The cost of financing these schemes, along with any future operating costs, will be reflected within future financial pressures.

Other statistics

Leisure and Well-being:

Bridgend Council, in partnership with Halo Leisure, operates eight leisure centres and swimming pools across the borough. These facilities include the Bridgend Life Centre, Garw Valley Life Centre, and several swimming pools such as Maesteg Sports Centre and Pencoed Swimming Pool, which offer various activities to promote public health and wellbeing.

We also have 11 public library facilities, which are delivered by the Awen Cultural Trust.

We develop, manage and maintain around **280 hectares** of open spaces, including children's play areas, sports pitches, commons, highway verges, landscapes and horticultural features. All of these require regular maintenance and investment, in addition to the ongoing running costs required to keep them open for the public.

2.3 Scrutiny and Challenge

- 2.3.1 Cabinet and the Corporate Management Team (CMT) continue to seek to embed a culture of medium term financial planning within the Council. Against that background further efforts have been made again this year to secure greater involvement of stakeholders in the development of the MTFs. In advance of the budget consultation, in October 2025 the Council introduced a 'Time to Talk Budget' campaign. This 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.
- 2.3.2 Given the late notification of the provisional local government settlement from Welsh Government, the Council was only able to undertake a short consultation 'Shaping Bridgend's Future 2026' between 7 January 2026 and 27 January 2026. The survey focused on residents' views on reviewing existing services, increasing or introducing fees and charges, and priorities for allocating additional funding. The results of the survey were collated and used to further inform final decisions on the MTFs. In addition, the Council held a Post-16 Budget Challenge day to give post-16 learners the opportunity to be made aware of the Council's budget and input into the consultation process.
- 2.3.3 Overall, the budget consultation received a total of 1,216 survey completions, online and by paper, compared to 1,637 responses last year.
- 2.3.4 A summary of the main headlines arising from the consultation is provided in **Table 5** below.

Table 5 – Headline Figures from Public Consultation

Headlines from the Public Consultation
<ul style="list-style-type: none">• 1,216 survey completions in total.• 39% agree that we should be increasing charges for services where a charge is already in place and introducing charges for services which are currently provided for free.• 73.5% of respondents agree that reviewing and transforming services is an important consideration.• 87% of respondents answered Yes to reviewing the use of assets/buildings being the right approach.• 88.6% of respondents agree that reviewing contracts with external partners is the right approach.• Respondents prioritised where to allocate additional funding as follows:<ol style="list-style-type: none">1. Schools and Education2. Roads / Pavements / Potholes3. Local Environment4. Support for Homelessness5. Community Hubs / Wellbeing6. Youth Services7. Public Transport• The following key themes emerged from suggestions on what the Council's budget priorities should be for 2026-27:<ul style="list-style-type: none">○ Maintain the roads○ Invest in the town centre○ Stop wasting money on vanity projects○ Cleaner streets○ Stop increasing council tax○ Reduce council tax○ Reduce anti-social behaviour○ Support for the elderly

2.3.5 In addition to the public consultation, Cabinet and CMT have been working with the Scrutiny Budget Working Group (SBWG) to facilitate the budget planning process. This working group comprised 24 members from across all political parties and provided members with the opportunity to undertake deep dives into each directorate budget. This then resulted in a series of recommendations from the SBWG to Cabinet on 16 December 2025. The draft budget report approved by Cabinet in January 2026 has also been scrutinised by the Council's Corporate Overview and Scrutiny Committee, resulting in a report to Cabinet on 3 February 2026 from the Corporate Overview and Scrutiny Committee (COSC), outlining a number of comments and recommendations, further to those from the SBWG. Cabinet has considered COSC's recommendations, along with those from the SBWG, and a response to these is provided in **Appendix A** (i and ii).

2.3.6 Cabinet and CMT have reflected on the responses received from the public consultation, and from discussions with, and recommendations from, the SBWG and COSC, and have compiled the final budget based on the comments and responses received. This includes:

- not progressing the indicative 1% budget reduction against school delegated budgets, for 2026-27 or 2027-28 at this time;
- not pursuing some of the budget reductions proposals that were not progressed last year e.g. on the education welfare service;
- progressing invest to save proposals and the transformation agenda;
- keeping council tax as low as possible, mindful of the overall budget pressures;
- supporting children with additional learning needs;
- supporting vulnerable children and adults, and;
- improving the public realm.

These proposals, along with the additional final settlement budget pressures outlined in **Appendix C**, are in direct response to the outcome of the budget consultation process, in particular those areas where residents wanted to see additional investment, and the budget priority areas they identified in the public consultation, as outlined in **Table 5**.

2.3.7 It must be noted that there are still risks in terms of future year funding levels, so the budget set for 2026-27 must be sustainable. Whilst some amendments have been made to the final budget, this has been done with consideration of potentially more challenging settlements in 2027-28 and beyond.

2.3.8 When the draft MTFs was published in January, it was reported that on 9 December 2025 Welsh Government had announced that further funding would be included in the final settlement, equating to around £5 million for Bridgend. Now that the outcomes and recommendations from these processes are known a number of changes have been made to the final budget, as outlined later in the report.

2.4 Service Overview

2.4.1 This overview summarises the continued and significant investment in public services that the Council will make. It sets out how the Council aims to change particular areas of service delivery, and the financial consequences of this. Cabinet has requested that the following principles should continue to underpin the development of the budget for the coming financial year:

- The Council will seek to safeguard and protect the most vulnerable people in our communities;
- The Council will encourage residents and communities to support themselves and provide advice to enable this to happen;
- The Council will seek to limit service growth in the coming financial year;
- All Directorates will be required to contribute to the overall savings required in the coming years;
- The Council must have an efficient, but effective, “back office” service that supports service delivery and transformation;

- In setting the budget, the Council will be mindful of the predicted financial austerity across the public sector in the coming years and plan to ensure the financial viability of the Council, and;
- The Council will seek to recover the cost of services via fees and charges where it is able to do so.

2.4.2 Education, Early Years and Young People

The Council is proposing to spend almost £164 million on services delivered by the Education, Early Years and Young People Directorate in 2026-27, prior to the allocation of additional funding for pay and price increases. Around £130 million of this money will be spent directly by Bridgend's 59 schools and one pupil referral unit.

In addition to the £130 million proposed budget to be initially delegated to schools in 2026-27, which mostly pays for the salaries of teaching and other school staff and the running costs of the facilities (ongoing revenue expenditure), the Council has already spent £21.6 million in building and refurbishing schools as part of our 21st Century School Modernisation Band A Programme and has provisionally committed to a further £42 million as part of the Sustainable Communities for Learning Programme, £15 million more than was committed last year. This comprises one-off capital expenditure across several years, with substantial match funding from Welsh Government. Welsh Government has provided approval in principle in respect of the strategic outline programme, strategic outline cases, and outline business cases (that is, in respect of capital schemes) submitted by the Council around our aspirations for Band B funding. Welsh Government approval has been received in respect of the full business case for the Bridgend West primaries scheme, and the remaining Band B full business cases will be submitted to Welsh Government once tender processes have concluded. However, we are aware that there are significant cost pressures on this programme due to the impact of high inflation on tender prices being submitted and how this is affecting current costings for this programme.

The concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with additional learning needs in Heronsbridge School. Assessing the full year revenue impact of this is detailed work that is underway. It is likely that this will represent the biggest area of capital expenditure for the Council in future years.

The Council has a longer-term goal to make the overall schools' system more efficient (for example, through making sure we have the right number of school places available in the right parts of the county (including ensuring enough capacity for anticipated future increases in the school age population)).

The current net budget for schools is £126.309 million, compared to an overall Council net budget of £383.226 million, so it is difficult to make significant levels of budget reductions without any impact at all on schools, either directly or via central services that support schools. However, for 2026-27, schools have not been tasked with finding any budget reductions from their delegated budgets and there are currently no proposed reductions for schools for 2027-28. In addition, they will receive additional funding for a range of pay and price increases that could total around £5 million, taking into account allocations already included in the original budget for 2026-27. Overall the position on school budgets is positive with a net increase in

funding of around £8 million forecast for the financial year as outlined in detail in **Table 12** later in the report.

The forecast pressure on Council budgets for future years is such that further efficiency savings may be unavoidable for schools from 2028-29 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

There is a growing trend of students being referred for support and specialised services. Over the past three years, several younger students have faced the threat of permanent exclusion due to a lack of resources for specialised intervention. Where space is not available to support pupils in specialist provisions, additional learning provision must be provided within a mainstream setting and funding for additional staff is required. One-to-one staffing is often provided, along with adaptations and specialist equipment not readily available in mainstream classrooms.

Additional specialist provisions are essential to ensure that all pupils are placed in environments best suited to their needs at the earliest time. This will reduce the risk of challenge from parents or carers. Establishing additional specialist classes represents a cost-effective investment, as it would reduce reliance on ancillary support or out-of-county placements, which have been necessary for some students to maintain full-time education and mitigate the risk of further exclusions. Additional funding is being proposed for the education service to address some of these pressures. Bridgend has amongst the highest number of special school places and demand is growing. Equipping schools better to manage the needs of children in mainstream settings will be a priority to contain and even reduce the budget to sustainable levels.

Poor pupil behaviour in Bridgend schools escalated following the Covid-19 pandemic. The true impact on school attendance following the pandemic is now evident. Pupil exclusions have increased year on year for three years. In addition to the need to improve general pupil attendance levels, the following key challenges have been identified:

- closing the gap between our highest and lowest performing primary and secondary schools;
- reducing persistent absenteeism;
- improving the attendance of pupils in vulnerable groups with a particular focus on closing the gap between those pupils eligible for free school meals (eFSM) and those not eligible for free school meals; and
- monitoring the number of pupils on reduced timetables e.g. those with additional learning needs or emotional, social and behavioural difficulties who experience challenges with a full timetable.

In June 2022, Bridgend Youth Justice Service was inspected by Her Majesty's Inspectorate of Probation. At that time, the service was deemed as requiring improvement. The main challenges faced by this service included increased numbers of children open to the service, the management of an increase in the number of first-time entrants into the criminal justice system and a reduction in grant funding. Since then, significant improvements have been made. His Majesty's Inspectorate of Probation (HMIP) most recently inspected Bridgend Youth Justice Service in November 2025. While we await formal (published) feedback from HMIP, initial feedback in respect of the work of Bridgend Youth Justice Service has been extremely positive and the service has managed well dealing with increased demand.

In seeking to protect our investment in education, early years provision and support for young people, and to provide as much support as possible to learners, the Council is aiming to make minimal changes to the services delivered at this time. However, we will continue to seek efficiencies in the application of the Council's Home-to-School Transport Policy.

2.4.3 Social Services and Wellbeing

After education and schools, the largest area of Council spend is social care. This includes social work and social care for children and for adults with care and support needs. Within the Directorate there is a focus on strengthening practice, improving the 'whole system,' targeted preventative services and supporting our workforce. For many years it has been understood that working in this way can result in less dependency on social care services for many individuals and more effective and cost-effective use of statutory services. Also, it has been evidenced in budget monitoring and outturn reports that social services' financial performance has been highly dependent on short term grant funding which is offsetting deficits in core budgets to meet the needs of the vulnerable population. Whilst the Directorate continues to develop new approaches to service delivery, and this includes better support and outcomes through prevention, early intervention and well-being services, this is more challenging than ever before with increasing need. 3 year strategic plans are being implemented for children and families and adults and carers which are resulting in increased workforce stability and improved integration of preventative services which reduce statutory demand. Practice is focused on strengths and what people can do, rather than a deficit model. However, the population of Bridgend is growing quickly, the third fastest growth of any Welsh Local Authority, and this means the number of people with care and support needs is also increasing. Not all care and support needs can be prevented and those with eligible needs will have a range of co-morbidities and complexities requiring greater levels of support. In addition, there is considerable challenge on the 'supply side' of social care in respect of the impact of rising pay, including above inflation increases to the Real Living Wage and employer national insurances costs, and non-pay costs, including energy costs, to provide the quantity and quality of care required. The Council has undertaken a detailed analysis to understand the fair cost of care which has informed a care home fee setting strategy and is reflected in commissioned services. This is important in stabilising the care market and providing more certainty to the Council's financial planning. Consideration of expanding our in house offer will also be a priority as the market increasingly adjust prices with top-ups as supply is lower than demand.

The Council approved a 3 year sustainability plan for children and families in September 2023. Good progress has been made in progressing the actions set out in the plan, with a significant reduction in the numbers of agency workforce, the embedding of Signs of Safety as the model of social work practice and resulting sustainable reductions in the number of children subject to child protection registration and care experienced children numbers. Challenges remain: contacts to children's social care have continued to increase significantly in this last year and the needs of the children who are care experienced are more complex and require higher levels of care and support. There has also been a reduction in the number of in-house foster carers and a deficit in sufficiency of residential care resulting in some children being accommodated for some time in settings operating without registration (i.e. not registered with Care Inspectorate Wales). These placement challenges result in significant cost pressures for the Council, as they are usually at a higher cost than registered providers and therefore result in higher spend for the Council – the number

of independent residential placements over the last 3 years has been steady at around 20 and whilst the Council is investing in its own residential provision the revenue costs of operating Council care homes also need to be provided for. A placement commissioning strategy which has been developed at the request of Welsh Government, identifies both capital and revenue investment gaps for the Council to develop sufficient not for profit provision to ensure sufficiency to comply with the new legislative requirements to eliminate profit from children's social care.

A further area of pressure is the volume and complexity of need for statutory social care services from the vulnerable population of the county borough. A 3 year strategic plan, 'Building On Strengths, Improving Lives - A Three- Year Plan For Sustainable Care And Support For Adults In Bridgend County Borough Council', has been developed, and was approved by Cabinet in November 2024, which sets out the operating model, workforce plan, practice model and prevention and wellbeing approach to supporting vulnerable people to live well as independently as possible. Practice continues to be strength-based and eligibility criteria rigorously applied in adult services. This plan seeks to manage and mitigate as far as is possible, the service and financial pressures within the service. Pressures are particularly evident in learning disability services, mental health services and services for older people. A learning disability transformation plan has been developed and actions are being progressed through a programme to right-size and right-price care packages and transform day-time occupation. Work has progressed to reset reablement services and significantly reduce the number of people who progress to a long term package of care and support at home without having the opportunity to maximise their independence and for the care package to be right-sized, prior to commencing a long term service.

The supply side costs for commissioned care providers (domiciliary, residential and nursing) linked to inflation (food and fuel are particularly impactful), the need to increase the pay of staff to comply with Welsh Government's commitment to pay all care workers the Real Living Wage, and the increased reliance on agency staff (particularly registrant nurses), have meant that some councils have reported having to look at applying across the board increases in their fees during the past year. Across the UK, with rising prices over recent years and this year's increase in employer national insurance contributions, a small number of providers are facing financial difficulties and there is market exit probability in both adult and children's services which will place more pressure on Council budgets as the Council will always be a safety net provider in such circumstances.

The strategy for the coming years is to intervene early and preventatively, embed strength-based practice and support individuals and families to live their best lives, remodelling the way we work in order to deliver outcome focused services and approaches which enable people to maximise their independence and families to stay together with targeted support where needed, whilst progressing commissioning strategies and workforce plans which ensure the right person provides the right intervention and support in the most timely and preventative way. The Signs of Safety model of practice in children's social care, and strength based, outcome focused practice in adult social care, provide the basis for 'doing the right thing' which is invariably the most cost effective course of action. The increases in need and complexity from both children and vulnerable adults needs to be understood and reflected in service transformation and aligned financial planning expressed through sustainability plans.

In addition to children and family services and adult social care, the Social Services and Wellbeing directorate also has responsibility for prevention and wellbeing, including the healthy living partnership with Halo and the cultural partnership with Awen. These partnerships also experience the impact of inflationary pressures, particularly the Awen partnership which has very limited ability to raise income.

2.4.4 **Housing and Homelessness**

Housing as a determinant of physical and mental health is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing (Wales) Act 2014 introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The service has responded to the challenges of Covid-19 and new guidance introduced by Welsh Government in relation to homelessness presentations and has already recognised these as budget pressures for the Council, with the aim of providing temporary accommodation to people in need, in order to reduce the number of street homeless people. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness.

The service also administers the Housing Support Grant from Welsh Government (£9.599 million allocation for 2025-26). The support activities funded via this funding are both broad and diverse. This is done through a range of corporate joint working and contract arrangements with third sector organisations, delivering specific projects for people who are vulnerable with complex needs. These projects include services for people suffering domestic abuse, mental health and substance misuse issues, learning disabilities, accommodation for young people, people with mental health support needs and other housing related support for people who need help to access or maintain accommodation successfully.

There are a number of key challenges facing the Council in delivering housing and homelessness services. Applications for temporary accommodation due to homelessness are consistently higher than in previous years. At the end of 2019-20 the Council was providing temporary accommodation to 83 households. At the end of January 2026 this had increased to 299 households. Individuals accommodated in temporary accommodation often have significant support needs, in relation to addressing their housing need or maintaining accommodation. It is estimated that around 47% of households in temporary accommodation require some level of support, and of these 60% of individuals require support in more than one area and 45% require support in more than two areas.

The increase in temporary accommodation placements has led to a significant cost pressure to the Council. In 2019-20 the net spend on temporary accommodation from core budget was £135,260. At the end of 2024-25 the net spend from core budget was £2,909,503.

The wider demand for social housing from those in housing need has also increased. At the end of 2019-20 there were 816 households registered on Bridgend's Common Housing Register. This has now increased to around 3,500 households. There is a particular challenge around single person accommodation, larger family units and accessible accommodation.

Housing will continue to adopt a strategic approach to homelessness prevention and provision by working with Welsh Government and partner organisations. Work with Registered Social Landlords is on-going to support new housing developments and housing will continue to use the Social Housing Grant effectively to increase the supply of social housing. We are currently in the process of purchasing a number of Houses in Multiple Occupation (HMOs) to reduce our dependency on the holiday let sector and provide better accommodation to those in need.

Capacity to work with and commission Housing Associations is limited as is the capacity to manage and develop services for such a high level of need. This will be considered carefully in 2026.

2.4.5 **Public Realm**

Most of the Council's net budget is spent on education and social care – these are very valued services but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, and collect and dispose of our waste.

In 2026-27 the Council is likely to receive around £3.5 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is around £30 million. The fact that schools and social services have had a high degree of financial protection in previous years has meant that the Council's other services have been under considerable pressure to make savings and, in many cases, we have had to reduce levels of service. However, the services in the Communities Directorate have also been subject to service changes that have resulted in alternative delivery models that have increased productivity, as well as collaborative approaches that have increased both efficiency and service resilience. Investment in this area is proposed to continue into 2026-27.

The Council is now in the process of bringing its waste services back in-house from July 2027. Bridgend is one of only 12 local authorities that has met the statutory recycling rate of over 70%, with a rate of 71.4% in 2024-25. There has been a significant reduction in the volume of our residual waste, which is expected to benefit the Council financially over time, subject to contractual conditions with our disposal arrangements. However, all Councils have seen higher overall domestic waste due to the high number of people continuing to work from home following the pandemic. New operating arrangements at a lower cost were negotiated at the Materials Recovery and Energy Centre (MREC) in 2019-20 and an agreement with Neath Port Talbot County Borough Council has been made for waste disposal going forward until 2030 or until a regional facility comes online. We expect to spend in the region of £11 million on the collection and disposal of waste in 2026-27.

A major challenge for the Council is how to continue to meet public expectations for many highly visible and tangible services when the reduction in the available overall Council budget inevitably means the Council will be less able to deliver these services to the same level and frequency. These services are often the ones the public identify with their council tax payments. Increasingly the Council will seek to enable and facilitate partnerships to help to deliver some services, including more meaningful

engagement with local residents regarding the role they can play in working effectively with us. It will be a priority to increase capacity in these areas.

The Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where we think it will have the least impact across Council services, recognising that this still may be considerable in some areas. We will also develop alternative ways of delivering and sustaining services including greater and more effective collaboration and encouraging others to work with us or assume direct responsibility for services in some cases. The most significant proposed change in this respect is the move of responsibility for the management and maintenance of sports fields and pavilions from the Council to user clubs and groups or local town and community councils. The Council has adopted a flexible approach to community asset transfer (CAT), utilising a streamlined CAT process, and ensuring that appropriate advice and capital investment (from the CAT fund in the capital programme), and previously revenue support (from the former sports club support fund), are made available. The Council has achieved considerable savings in recent years from transferring these assets and hopes to continue this direction of travel going forward.

Reductions in spend in this area will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control.

2.4.6 Supporting the Economy

Whilst this is a Council priority, services such as regeneration and economic development as discretionary services have had to make considerable reductions to their budgets over recent years. The Council has delivered this by employing fewer but more highly skilled staff and focusing activity more narrowly on priority areas to maximise impact. Going forward, we will continue to collaborate on a regional basis with the nine other Councils that make up the South East Wales Corporate Joint Committee (CJC), known as Cardiff Capital Region City Deal. The CJC has responsibility for regional development and in particular the areas of strategic transport, regional economic development and strategic planning. The Council will continue to work with colleagues regionally and the CJC to understand how responsibilities will be shared between the region and local authorities to ensure the most effective outcomes overall. The City Deal created a £1.2 billion fund for investment in the region for 20 years. This will include long-term investments focusing on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the Corporate Joint Committee, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams to reflect this direction of travel. The Council will be spending in the region of £2.6 million a year running these services. These teams will ensure successful delivery of high-profile regeneration projects, including the numerous regeneration projects in Porthcawl and the redevelopment of Ewenny Road in Maesteg for both housing and employment uses, where the remediation of the site is underway and being funded by a £3.5 million Housing Viability Grant from the CCR. The completion of the £10 million redevelopment and refurbishment of the Maesteg Town Hall, in November 2024, has brought state of the art community, music, performance and library facilities to the heart of the Llynfi valley, and will safeguard this 144 year old listed building for future generations.

The Council also adopted the Replacement Local Development Plan (RLDP) in March 2024. We are the first local authority in Wales to have an approved RLDP, a major strategic planning document, since the pandemic. An important part of our budget planning is making sure that it is resourced appropriately to ensure our plan is properly researched and evidenced and sets out the development planning proposals for the County Borough which will shape its future, including housing growth. There is some £116 million of Section 106 contributions that will be forthcoming from our new RLDP and these are essential for delivering high quality new infrastructure, such as roads, new schools, housing and play facilities in development areas within the Borough.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the regeneration of the waterfront at Porthcawl, including the Salt Lake site, and investment in initiatives to improve the town centre in Bridgend. This includes the development of a new £80 million Bridgend College Campus on the former police station site at Cheapside, in the town centre. The construction commenced in May 2024 with a completed college building anticipated by Autumn 2026.

The Council will endeavour to continue to operate a number of grant-funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes under the Employability Bridgend programme. The Council was awarded over £20 million from the Shared Prosperity Fund (SPF) to undertake various programmes with partners across the County, including training and new business start-up grants. The SPF was extended for a transition year in 2025-26, ahead of wider local growth funding reforms. However, this was at a level that is around 40% lower than the previous year's budget. Further detail is still awaited on the SPF replacement, the Local Growth Fund. In addition, the £18 million funding bid to the UK Government's Levelling Up Fund (LUF) for the complete refurbishment and restoration of the Grand Pavilion in Porthcawl was successful. Planning Permission has been granted, an enabling contract to strip out the building has been completed, the tender for the main construction works was awarded and the construction contract has commenced.

2.4.7 Regulatory and Corporate Services

The Council operates a number of other services which it recognises fulfil specific and important roles. In many cases these are statutory though the precise level of service to be provided is not defined in law. The main areas are as follows:

Shared Regulatory Services

This is a combined service with the Vale of Glamorgan and Cardiff City Councils, for which Bridgend will contribute around £1.8 million towards a group of services that includes Trading Standards, Environmental Health, Animal Health and Licensing (alcohol, gambling, safety at sports grounds, taxis etc.). These services all ensure, in different ways, that the public is protected.

As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

Registrars

The Council operates a Registrar service that deals primarily with the registration of Births, Deaths and Marriages. The service also undertakes Civil Partnership and Citizenship ceremonies and provides a replacement certificate facility.

Council Tax and Benefits

The taxation service aims to collect over £120 million in council tax from over 66,000 households across the county borough, on behalf of the Council, South Wales Police and our Town and Community Councils. Our collection rates have been impacted in recent years, most recently due to the cost of living crisis. We are determined to regain the pre-2020 high levels of collection, but it is an uphill struggle. From 1 April 2026 Welsh Government are introducing changes to the recovery process to give council tax payers longer to pay before losing the right to pay by instalments which will result in a delay in income being received, increased postage costs and less income from court costs.

In line with many other Welsh Local Authorities the Council has reviewed its position with regards to Council tax premiums. A Council Tax premium on empty properties has been introduced and took effect on 1 April 2023 whilst a Council Tax premium on second homes took effect on 1 April 2024.

A number of benefits, including Housing Benefit and Universal Credit, are funded by the central UK government, but the administration of Housing Benefit applications falls to the Council. The Benefits Service also administers applications on behalf of the Council for Council Tax Reduction, Discretionary Housing Payments, Free school meals, Special Guardianship allowances, Adoption allowances and Disabled Facilities Grants.

2.4.8 Other Council Wide Services

There are a number of things that the Council does that support the delivery of services but which themselves are not visible to the public. We need to maintain these services with sufficient capacity to support our services whilst making them as efficient and effective as possible. In many cases we operate such services by sharing with other organisations. Opportunities for further collaboration or sharing in these service areas has been and will continue to be explored. There are a number of proposed budget reductions against these services for 2026-27 onwards.

Property and building maintenance

The Council continues to review its commercial property portfolio, identifying asset management opportunities and the mechanisms required to deliver a sustainable increase in income. Alongside this, the Council is continuing to dispose of assets it no longer requires to deliver services, such as Ravens Court, in order to provide further investment in our capital programme.

The Council has brought together its asset management and building maintenance functions, and has centralised all premises repairs, maintenance and energy budgets into a single 'corporate landlord' service within the Communities Directorate. This enables us to better manage compliance, embed 'whole life costing' approaches into

decision-making, manage the quality of work undertaken by contractors, and thereby deliver efficiencies in the management of our estate. This focus on reducing our assets and energy efficiency will be essential if the Council is to meet Welsh Government's target for all public sectors bodies to achieve net zero by 2030.

The service will continue to review its processes in 2026-27 including seeking further operational efficiencies and streamlined business processes, from IT investment, improved procurement and contract management.

Legal services

The Council needs to maintain effective legal support for all of its services. Any changes to services as part of the transformation agenda will need to be undertaken lawfully. Direct support to services such as Education and Social Services is delivered by a combination of permanent internal staff and external expertise when necessary. Almost half of our in-house legal team is specifically focused on child protection cases. These cases continue to increase in number and complexity.

The service is very lean and will have to prioritise caseloads on a risk assessed basis.

Finance

The Council has a central team that manages all of the financial management of the Council. This includes high level strategic advice, the Council's accounts, monitoring of financial performance and supporting the oversight and management of the Council's finances. The service fulfils certain legal requirements that ensures transparency and accountability in the way that public money is used – for example in producing accounts which are then audited and in delivering value for money in service delivery.

The Finance Section will be looking to further improve and enhance business processes to improve efficiency and also meet legislative changes. Considerable progress has been made in automating payments and the Council will continue to develop and extend this to a wider range of suppliers.

Human Resources (HR) and Organisational Development (OD)

With around 6,000 employees including schools, the Council needs a dedicated human resources service. The primary role of the service is to provide professional advice, guidance and support to managers and staff on a wide range of HR and OD issues as well as provide HR services for the payment of salaries, pension, contracts and absence administration. Other services include training and development, recruitment and retention, developing employee skills and 'growing our own,' through our Graduate and Apprenticeship schemes. Proposals will be developed to enhance these areas in response to the Panel Performance Assessment recommendations.

Working closely with our recognised trade unions, we maintain positive and transparent employee relations arrangements.

ICT

We are continuing to invest in the automation and digitisation of services in line with

our Digital Strategy, where it is appropriate to do so. Work will continue as part of the corporate Transformation Programme which will help achieve savings in future years, through the development and digitising of information-intensive processes, freeing up capacity and making efficiencies. The use of data needs improvement and the capacity to implement new systems has been limited. We will also be exploring the use of Artificial Intelligence, e.g. in social care, to secure service efficiency, where it is appropriate to do so. Bridgend is currently behind where we wish us to be and this will be a priority for investment.

The ICT service is supporting changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. The Council spends around £5 million on its ICT services provision to support main Council activities and schools. The ICT service has focused on developing staff through the apprenticeship programme in conjunction with HR, developing skills and enabling in-house career progression.

Procurement

The Council has a central team that provides procurement support across the range of services that we provide. Effective procurement is essential to ensuring good value for money across the Council. The central team work with services to implement corporate wide efficiencies where appropriate. The Council is developing an updated Corporate Procurement Strategy which will support a number of corporate priorities.

Democratic Services

The Council is a democratic organisation with 51 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. The number of elected members in each authority is set independently. Their remuneration is also determined by an independent panel. The Democratic Services team support all Members and ensure the appropriate arrangements are in place to comply with legislative requirements.

Internal Audit

Our Regional Internal Audit Service is provided by a joint service that we share with the Vale of Glamorgan and Merthyr Councils. The service carries out routine checks and investigations to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources. The service will also undertake specialist and one-off pieces of work if required. The level of service to be provided by the joint service in 2026-27 has been reviewed.

SECTION 3. THE FINANCIAL CLIMATE

3.1 Current Financial Situation

- 3.1.1 When Welsh Government announced the Final Local Government Settlement for 2025-26 in February 2025, they did not provide any indicative allocations for future years, but planning has been on the basis of a cash flat (0% change to AEF) settlement for 2026-27 and future years. However, since the MTFs was agreed by Council in February, in July this year Welsh Government announced its approach to the budget for 2026-27. The Finance Secretary indicated that a one-year budget would be published in October which would increase departmental budgets by inflation. No indication was provided on what the level of inflation would be, but as a consequence of the announcement we updated our assumptions to be a most likely scenario of 2% increase in aggregate external funding.
- 3.1.2 On 1 July 2025 the Finance Secretary set out the Welsh Government's approach to the 2026-27 budget. He indicated that it would be a one-year only budget, due to the forthcoming Senedd elections, that it would not introduce major new spending commitments, and would focus once again on a healthier Wales, green jobs and growth, connecting communities and opportunity for every family.
- 3.1.3 Welsh Government announced their outline draft budget on 14 October 2025, which set out their high level strategic fiscal proposals for expenditure and financing. The Welsh Government Finance Secretary stated that it provided a stable platform on which public services can plan in the run-up to the Senedd election, and that government departments would have at least the same amount of funding, in real terms, as they had this year. He also said that Welsh Government were determined to recognise the particular circumstances of local government as they work together on a settlement which will protect jobs and frontline services, understanding the strict rules it has to comply with when making its budgets.
- 3.1.4 Following this, Welsh Government outlined their detailed draft budget on 3 November 2025. The Welsh Government Draft Budget sets out updated revenue and general capital spending plans for 2026-27. The Cabinet Secretary for Finance and Welsh Language stated that these were initial spending plans, to enable public services to begin their own planning for the next financial year. He stated that the Draft Budget allocated 98.6% of all the funding available for 2026-27 which meant that more could – and would – be done to invest in the vital needs of Wales, by the time of the Final Budget in January 2026. He stated that 2025-26 allocations have been rolled over and departmental allocations increased by around 2% at this stage of the draft budget. He indicated that there is currently around £380 million of unallocated funding, a combination of revenue and capital.
- 3.1.5 In respect of local authorities the Cabinet Secretary reiterated that additional funding allocated during 2025-26 for the public sector to meet the UK Government's increased employers' National Insurance costs, and to meet pay awards for teachers and local authority staff has been included in the baseline funding for 2026-27. There is also an uplift of 2% for general inflation and 2.2% for pay inflation. Additional

funding was also included to ensure no individual local authority receives an increase of less than 2.3%.

- 3.1.6 The provisional local government settlement was announced on 24 November 2025. The Cabinet Secretary for Housing and Local Government indicated that this provisional settlement provided £6.4 billion from the Welsh Government Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) to spend on delivering key services. 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. No local authority received less than a 2.3% increase in funding. In terms of cash increases, this represented a £7.9 million increase in funding, after the specific transfers into the settlement.
- 3.1.7 Following the announcement of the provisional local government settlement, the Chancellor of the Exchequer presented the Autumn Budget 2025 to Parliament on 26 November 2025. The Office for Budget Responsibility (OBR) released a full economic and fiscal forecast on the same day.
- 3.1.8 In the Autumn Budget the Chancellor said that the budget would maintain their investment in the economy and the National Health Service, it would cut the cost of living and bring down inflation, providing immediate relief for families. The Chancellor said that there would be an extra £505 million added to the Welsh Government's budget between now and 2028 as a result of new spending commitments in England, and as part of the budget, changes have been announced to the way that Wales is funded which the UK Government says will lead to £425 million extra "spending power" for the Welsh Government.
- 3.1.9 In response to the Autumn Budget the Welsh Government First Minister said, "*This is a Budget which will help people right across Wales. It will mean more money in the pocket of people who need it the most, support for energy bills, a raise in the minimum wage and good news for pensioners*". She also said "*We called on the UK Government to continue to support us with more money for hard pressed public services and they have delivered with an extra £500m, building on the £5 billion of extra funding they have already confirmed*".
- 3.1.10 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. At the same time Bridgend was notified that provisionally our final settlement increase could be 4.6%, an additional £5 million compared to the provisional settlement.
- 3.1.11 Welsh Government announced their final budget on 20 January 2026. They reported that in their final budget they were allocating £472 million fiscal resource and capital more than they did at draft budget stage, and that the main increases were to Health and Social Care (£180 million) and Housing and Local Government (£112.8 million), in line with their announcement in December. For local government they reiterated that this would mean an average increase of 4.5% and would ensure all councils see an uplift of more than 4% in their settlement. There was also a further £100 million of revenue and capital funding, which will support Welsh Government priorities,

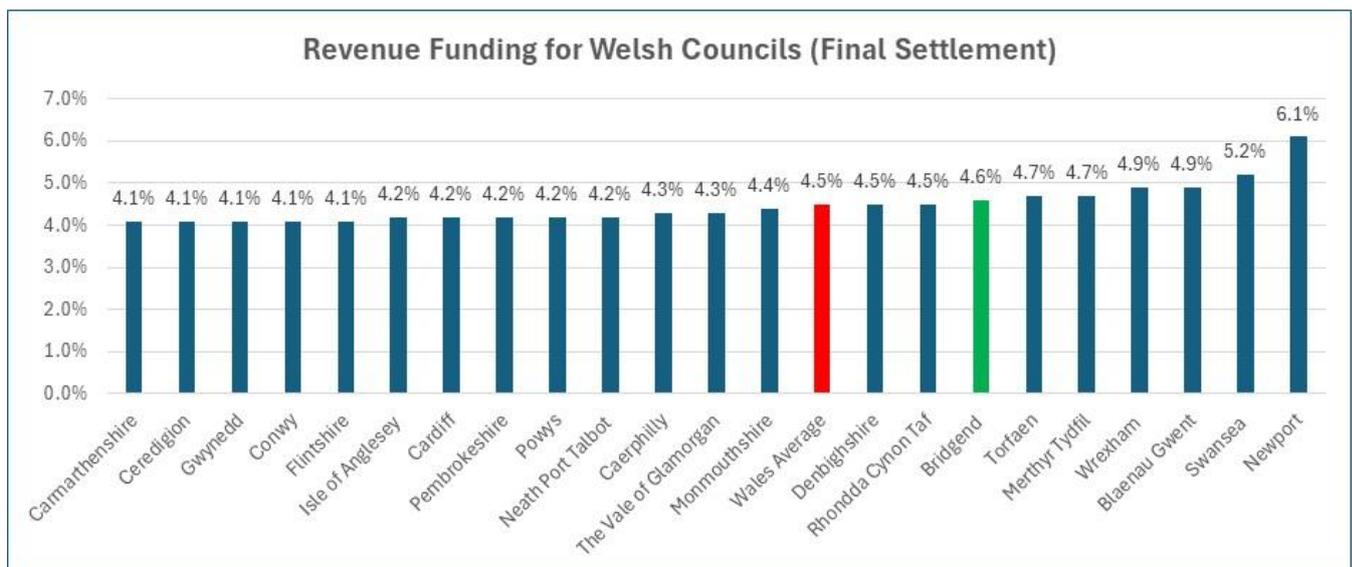
including bus services, apprenticeships, further education, flood prevention, and the maintenance of school buildings.

3.2 Welsh Government Local Government Settlement

3.2.1 Bridgend’s draft MTFs was presented to Cabinet on 13 January 2026, based on the provisional settlement, before being submitted for scrutiny. It did not take into account the additional funding likely to be provided to Bridgend in the final settlement as a result of the Welsh Government announcement on 9 December 2025. The final local government settlement was also announced on 20 January 2026. The headline figure for the final local government settlement is an overall increase of 4.5% across Wales and, for Bridgend, a reported increase of 4.6% in Aggregate External Finance (AEF), after a number of transfers into and out of the settlement. For Bridgend this 4.6% increase represents a £13.608 million increase in funding, after the specific transfers.

This increase for Bridgend was the seventh highest increase across all Welsh Local Authorities as illustrated in **Chart 4** below.

Chart 4: Revenue Funding for Welsh Councils



Source: WG Final LGF Settlement 2026-27

3.2.2 In announcing the final local government settlement, the Cabinet Secretary for Housing and Local Government stated ‘*The setting of budgets, and in turn council tax, is the responsibility of each local authority. They will need to take account of the full range of funding sources available to them, as well as the pressures they face, in setting their budgets for the coming year. Finally, I would once again like to pay tribute to the incredible amount of hard work and resilience shown across the sector by both officers and elected members over many years to respond to the challenges Councils have been facing. We continue to prioritise our support for local government, as we have throughout our Government through the annual settlement and specific grants to respond to national and local priorities.*

Transfers into and out of the 2026-27 Revenue Settlement

- 3.2.3 As mentioned in the draft MTFS report to Cabinet in January 2026, the provisional settlement included a number of transfers of funding into the Revenue Support Grant (RSG). These are listed below alongside the figures for Bridgend.

Teachers' Pay	£818,343
Additional Learning Needs Coordinators (ALNCo) Pay	£184,274
Public Sector Pay	£665,984
Fire Pay	£12,660
Employer National Insurance Contributions	£4,351,321
Total Transfers into Settlement	£6,032,582

Specific Grants

- 3.2.4 As part of the Welsh Government's Programme for Government, the Welsh Ministers have committed to reducing the administrative burden on local authorities, to allow them to focus on their vitally important work delivering services. At the heart of this work is their desire to ensure that local authorities are not hampered by unnecessary bureaucracy. Welsh Government has indicated that work has been completed or is underway in other grant areas to streamline the amount of monitoring of grants, to ensure Welsh Government is only collecting the information which it, with local authorities, needs to understand the impact and outcomes of grant programmes. This has included reducing the frequency of monitoring returns, simplifying grant application forms and having stepped criteria for business cases dependent on the size and risk of programmes or projects.
- 3.2.5 The picture on changes to specific grants is available at an all-Wales level for most grants, but not yet at an individual authority level. However, from the information provided, and Welsh Government's announcements, it is clear that Welsh Government has provided a 2% inflationary uplift for most grants for 2026-27.
- 3.2.6 There are increases in some grants, such as the Local Authority Education Grant, Housing Support Grant (an extra £2.6 million from the draft budget to target pressures around homelessness prevention and support), and Bus Services Support Grant. Funding to support proposals relating to eliminating profit from the care of looked after children will continue into 2026-27, at around the same level as 2025-26. Many of the grants remain unchanged from 2025-26 figures, and some are yet to be finalised, including the Sustainable Waste Management Grant.
- 3.2.7 The biggest change in grant funding will be to the United Kingdom Shared Prosperity Fund which will cease at the end of 2025-26 and be replaced by the Local Growth Fund, for a three year period. Currently Bridgend receives £5.601 million of revenue funding and £2.149 million of capital funding from the Shared Prosperity Fund. The South East Wales Region receives £103 million in total. Indications are that this could reduce to £79.8 million under the Local Growth Fund, and it has been reported that, going forward, the majority of the Local Growth Fund will consist of capital funding, with a smaller amount of revenue funding available.

3.3 Forecast Financial Position

- 3.3.1 This section of the report sets out the proposed MTFS for the Council for the next four financial years, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFS is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 3.3.2 The development of the MTFS 2026-27 to 2029-30 is led by Cabinet and the Corporate Management Team (CMT) and takes into account auditors' views, the recommendations of the Scrutiny Budget Working Group, the public consultation, scrutiny by Corporate Overview and Scrutiny Committee and other scrutiny committees, and issues arising during 2025-26, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.
- 3.3.3 Implementation of the MTFS will continue to be led by Cabinet and CMT, supported by financial and performance data. Cabinet and CMT will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).
- 3.3.4 The published final 2026-27 Aggregate External Finance (AEF) figure is an increase of 4.6% for Bridgend. In the MTFS 2025-26 to 2027-28, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2026-27 of an annual 0% change in AEF and an assumed increase in council tax of 4.5% for 2026-27, with anticipated 0% changes to AEF for future years, recognising the ongoing uncertainty around our funding in future years. Despite the better than anticipated settlement, given the unprecedented challenges and demands facing the Council currently and over the coming year, it is proposed to increase council tax by 4.7% for 2026-27. This is lower than the 4.95% proposed at draft budget stage, and takes into account the outcome of the budget consultation process, and also the need to set a sustainable budget going forward, taking into consideration ongoing risks around pay and price increases. If council tax did not increase the Council would need to make further budget reductions of around £5 million to balance the budget, in addition to the £2 million already proposed.
- 3.3.5 The MTFS is regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the current economic uncertainties in the coming months and years. In view of these uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios based on percentage changes in AEF shown in **Table 6**.
- 3.3.6 Welsh Government has stated that, due to the Senedd Elections in May 2026, this is a one-year local government settlement only. However, it is likely that the financial position in the next few years will be no less challenging than recent years. Therefore, for 2027-28 onwards, given the level of funding uncertainty in future years, as well as unknown pay and price increases, we will continue to assume 0% change to AEF and an estimated council tax increase of 4.5%. However, they will continue to be monitored and will be amended and projections updated as further fiscal and

economic information is made known. Further information may be known after the Office for Budget Responsibility's Spring Forecast on 3 March 2026 and the UK Government's response to this.

Table 6 – MTF5 Scenarios: % Change in AEF

	2026-27	2027-28	2028-29	2029-30
Best Scenario	+4.6%	+1.0%	+1.0%	+1.0%
Most Likely Scenario	+4.6%	0%	0%	0%
Worst Scenario	+4.6%	-1.0%	-1.0%	-1.0%

3.3.7 Given the better than anticipated final settlement, and the positive impact of the actuarial valuation on employers' pension contributions, explained in more detail in paragraph 4.1.9, the amount of budget reductions required for 2026-27 is lower than in previous years. Over the period of the MTF5 the financial forecast for 2026-2030 is currently predicated on £32.740 million of budget reductions being met from Directorate and Corporate budgets. However, the assumptions beneath them can change quickly and with an uncertain, but no less challenging, financial settlement likely going forward, this level of reductions could change going forward. Directors have already been tasked with identifying future years' budget reductions, to ensure they are realisable at the earliest opportunities. The budget reduction targets are predicated on a number of spending assumptions, including:

- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.
- Inflationary uplifts to support specific contractual commitments, which is difficult to predict going forward following the higher levels of inflation over recent years. The consumer price index (CPI) rate has remained under 5% since October 2023, went as low as 1.7% in September 2024 but has remained above 3% since April 2025, and was 3.4% for December 2025. This still compares favourably with the higher 8% - 11% increases experienced during 2022 and 2023 but it is much higher than the Bank of England's target of 2% - which the Bank considers a stable pace of increase.
- The future impact of national policies and new legislation which may not be accompanied by commensurate funding, such as the Welsh Government's commitment to eradicate homelessness, local authorities' responsibilities in respect of responding to climate change and meeting net zero carbon targets, potential additional responsibilities arising from UK government's Terrorism (Protection of Premises) Act 2025, and the implications of the Health and Social Care (Wales) Act 2025.
- Complying with this year's budget principle of full cost recovery, where possible. Consequently fees and charges will increase by the statutory minimum or at least CPI, unless determined otherwise.
- Increases in staffing costs, including a confirmed 6.7% increase in the Real Living Wage (from £12.60 to £13.45 per hour), a 4.1% increase in the

national living wage from April 2026 (from £12.21 to £12.71), along with the impact of staff pay increases in both 2025-26 and 2026-27. These include the full year effect of the teachers' pay increase of September 2025 (4% increase), the unknown teachers' pay increase in September 2026 and increases for non-teachers for 2026-27, which are still to be determined.

- 3.3.8 **Table 7** below shows the Council's potential net budget reduction requirement based on the forecast resource envelope, assumed council tax increases and inescapable spending assumptions outlined above.

Table 7 – Budget reduction scenarios

	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	Total £'000
Best Scenario	2,348	7,399	7,143	6,876	23,766
Most Likely Scenario	2,348	10,361	10,134	9,897	32,740
Worst Scenario	2,348	13,322	13,066	12,800	41,536

- 3.3.9 Cabinet and CMT are working together to develop plans to meet the most likely scenario above for the four year period. In the event of the worst case materialising in any year, the budget shortfall may have to be met from the Council Fund and / or a further increase in Council Tax while additional budget reduction plans could be developed, however using reserves to support recurrent expenditure is not prudent financial management, and will be avoided where possible. Should the best case scenario arise then Cabinet and CMT would look to reduce the impact on services as well as Council Tax.
- 3.3.10 **Table 8** shows current progress on identifying budget reduction proposals. It is clear that, based on the proposed budget reduction requirements for future years, and the shortfall in meeting the budget reductions targets currently, the Council must have clear plans and proposals drawn up over the next year to meet these large funding gaps. However, for 2026-27 it is considered that the budget reduction proposals are deliverable with low risk of non-achievement, as reflected in the risk status.

Table 8 – Risk Status of Budget Reduction Proposals 2026-27 to 2029-30

Year	GREEN: Proposal developed and deliverable	AMBER: Proposal in development but includes delivery risk	RED: Proposals not fully developed and include high delivery risk	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	£'000	£'000	£'000	£'000	£'000	£'000
2026-27	832	1,136	380	2,348	0	2,348
2027-28	0	468	10	478	9,883	10,361
2028-29	0	0	0	0	10,134	10,134
2029-30	0	0	0	0	9,897	9,897
Total	832	1,604	390	2,826	29,914	32,740
Percentage of total required	3%	5%	1%	9%	91%	100%

3.4 Corporate Risk Assessment

- 3.4.1 The Council's Corporate Risk Assessment identifies the key corporate risks facing the Council, along with mitigating actions. The latest version, presented to the Governance and Audit Committee in January 2026, is attached as **Appendix B**. The Corporate Risk Assessment has been regularly reviewed during the financial year, to take into account new and emerging risks, and has been scrutinised during the financial year by the Governance and Audit Committee. These risks have been taken into account in the preparation of the MTFs and where there are identifiable financial implications these have been provided for either within the budget or earmarked reserves. Where the financial risks are not clear, the risk is covered by the Council Fund.
- 3.4.2 In terms of managing and mitigating some of the specific risks outlined within the Corporate Risk Assessment, additional provision has been made in the budget pressures for vulnerable adults and children, transformation and major service change (including digital transformation), workforce development, procurement support and town centre support. In addition, the original proposed 1% budget reduction for schools has been removed, to improve the financial stability of school budgets. Furthermore, additional investment has been made through the capital programme in respect of highways infrastructure, and there are future budget pressures identified to meet potential additional costs of borrowing. The proposed budget for 2026-27 is balanced without the need to rely on one-off reserves to achieve this, ensuring greater financial stability.

SECTION 4. BUDGET 2026-27

4.1 Revenue Budget 2026-27

4.1.1 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and specific transfers into the settlement from Welsh Government, and subtracting any budget reduction proposals.

4.1.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. **Table 9** summarises the 2026-27 budget requirement and how it will be financed.

Table 9 – Net Budget Requirement

	2026-27 £'000
2025-26 Net Budget (Table 2)	383,226
Transfers and New Responsibilities (para 3.2.3)	6,033
Pensions reduction (para 4.1.9)	-4,035
Budget Pressures (para 4.1.3)	25,273
Budget Reductions (para 4.1.18)	-2,348
2026-27 Net Budget Requirement	408,149
<i>Financed by:</i>	
2025-26 Net Budget (Table 2)	383,226
Net Cash Increase in AEF	19,641
Council tax increase (4.7%) (para 3.3.4) plus increase in tax base	5,282
2026-27 Net Funding Total	408,149

2026-27 Revenue Budget

4.1.3 **Table 10** presents the detailed net revenue budget for 2026-27, which includes an additional £11.671 million for the pay and price pressures outlined above.

In addition, each year consideration is given to any inescapable, unforeseen Directorate pressures that cannot be accommodated within existing budgets. £13.602 million of inescapable pressures have emerged during 2025-26 and are explained in more detail in the paragraphs below.

In total, the Council has identified pay, price and other pressures of £25.273 million for 2026-27.

Table 10 – Net Revenue Budget 2026-27

	Revised Budget 2025-26	Specific Transfers from WG incl pay and NI	Inter-Directorate Transfers	Employers' Pensions Contributions	Pay / Prices	Budget Pressures	Budget Reduction Proposals	Opening Revenue Budget 2026-27	Potential In-Year Allocations for Pay and Prices	Potential Final Budget 2026-27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Directorate Budgets:										
Central Education, Early Years and Young People	32,328	329		-285	229	1,572	-717	33,456	1,010	34,466
Schools	126,309	3,075		-968	1,721	29	0	130,166	3,086	133,252
Education, Early Years and Young People	158,637	3,404	0	-1,253	1,950	1,601	-717	163,622	4,096	167,718
Social Services & Wellbeing	119,143	1,121		-1,663	69	6,608	-1,041	124,237	3,186	127,423
Communities	34,885	401		-474	238	2,115	-340	36,825	1,302	38,127
Chief Executives	26,132	428	20	-645	21	3,018	-250	28,724	844	29,568
Total Directorate Budgets	338,797	5,354	20	-4,035	2,278	13,342	-2,348	353,408	9,428	362,836
Council Wide Budgets:										
Capital Financing	5,907							5,907		5,907
Levies	10,210	13				260		10,483		10,483
Repairs and Maintenance	670							670		670
Council Tax Reduction Scheme	17,054				750			17,804		17,804
Apprenticeship Levy	869							869		869
Pension Related Costs	430							430		430
Insurance Premiums	1,363							1,363		1,363
Other Council Wide Budgets	7,926	666	-20		8,643			17,215	-9,428	7,787
Total Council Wide Budgets	44,429	679	-20	0	9,393	260	0	54,741	-9,428	45,313
Net Budget Requirement	383,226	6,033	0	-4,035	11,671	13,602	-2,348	408,149	0	408,149

* Actual amounts will depend upon final agreed pay awards and inflationary increases / contractual increases

** Updated Council structure, as approved by Council on 19 November 2025, will be reflected in quarterly monitoring reports 2026-27

*** £3m Real Living Wage for commissioned services in social care included in Social Services & Wellbeing budget pressure

4.1.4 The net budget for 2026-27 will be funded as set out in **Table 11**:

Table 11 – Net Budget Funding

	£	%
Revenue Support Grant	245,260,376	60.09
Non-domestic Rates	50,907,952	12.47
Council Tax Income	111,980,641	27.44
Total	408,148,969	100%

Inter-Directorate Transfers

4.1.5 There is only one small inter-directorate transfer included in the draft budget, in respect of the Joint National Council senior management structure approved by Council in November 2025.

Pay, Prices, Pensions and Demographics

4.1.6 Pay awards for teachers, National Joint Council (NJC) and Joint Negotiating Committee (JNC) staff for 2025-26 have been agreed. They included an increase of 4% on all teachers' pay scales and allowances, an increase of 3.2% on all NJC pay points, and an increase of 3.2% for JNC Chief Officers and Chief Executive pay points. With regard to pay claims for 2026-27 the NJC Pay Claim has been submitted by Unison, Unite and GMB Unions, requesting an increase of:

- at least £3,000, or 10% (whichever is greater) for all staff, as well as a minimum hourly rate of £15.
- an extra day of annual leave for all staff,
- a reduction in the working week by two hours, with no loss of pay,
- the ability for school staff to take (at least) one day of their annual leave during term time, with no loss of pay.

A pay increase of £3,000 alone, which is significantly above inflation, would add around 10% (circa £14 million) to the Council's pay bill (currently circa £140 million) if ultimately agreed, more if the higher of £3,000 or 10% is implemented. With so much uncertainty it is difficult to determine what the pay pressure will be in 2026-27, but with a staff budget of around £240 million (teachers and non-teachers), every additional 1% increase will add at least a further £2.4 million pressure to the Council's pay budget. Given that around two thirds of the Council's net revenue budget funds pay costs, it is essential to ensure that funding is set aside in the final budget to meet the generally higher than inflation pay increases going forward. Funding has already been allocated in the schools' and central education budget for the full year effect (April to August 2026) of the teachers' September 2025 pay award. No information has been received to date on the potential teachers' pay award for September 2026.

- 4.1.7 In March 2022 Bridgend County Borough Council was officially recognised as a Real Living Wage accredited employer by the Living Wage Foundation, and all BCBC employed staff, including social care staff, were paid at the level of the Real Living Wage. In October 2025 it was announced by the Real Living Wage Foundation that the Real Living Wage would increase by 6.7%, from £12.60 to £13.45 per hour. The rate was to be implemented as soon as possible, but by 1 May 2026 at the latest. For in-house staff this will be paid from 1 April 2025, and funding for this is reflected in the directorate pay and price allocations, along with consequential adjustments to the NJC pay scales.
- 4.1.8 Funding for price inflation in 2026-27 has been retained centrally to meet provision for increases in energy costs, rents, allowances and contractual commitments, which are still largely unknown or dependent on March's CPI increase. The inflationary provision will be retained centrally and allocated during the year as any unknown or unforeseen contract price inflation is agreed.
- 4.1.9 The Council has received the provisional results of the triennial actuarial valuation of the Local Government Pension Fund as at 31 March 2025. The valuation shows that, based on the performance of the fund at that time, the employer's contributions required by the authority from April 2026 for the next three years is a potential reduction from the current 19.4% to a proposed 15.2%. This is based on high asset performance in the fund, specifically gains on investments, changes to membership and financial assumptions, since the last valuation. The impact of this is a potential reduced cost of employer's contributions of £4.035 million per annum, the budget for which has been top sliced from directorate budgets and centralised, to be used to fund some of the unavoidable budget pressures that the Council is facing. This has changed slightly from the draft budget following receipt of updated information on some directorate pension budgets.
- 4.1.10 In terms of demographics, there is evidence of an increase in the older persons' population. Wales, as a whole, has an ageing population. In Bridgend, between the 2011 census and the 2021 census there was an increase of 21.5% in people aged 65 years and over, resulting in increased pressure on a number of service areas, including residential care, home care and the assessment and care management teams.

Employers' National Insurance Contributions

- 4.1.11 In the Autumn Budget 2024 the Chancellor of the Exchequer increased the rate of employers' national insurance contributions from 13.8% to 15%, and reduced the

threshold on which this would apply to workers' earnings, from £9,100 to £5,000, from April 2025. The cost to the Council of implementing this for BCBC staff, and for the Fire and Rescue Authority, which the Council contributes to, is £4.828 million. The UK Government indicated it would provide additional funding to help to cover the costs of the increase for public sector workers. In addition there have been pressures from the Council's commissioned services, who also faced additional costs, for the Council to contribute to this cost, which were estimated to be as high as £1.5 million. In the MTFS 2025-2029 Council therefore approved a budget pressure of £1.5 million to help to mitigate these costs. In October 2025 we received a grant offer letter of £4,351,321 from Welsh Government towards additional employers' national insurance costs. Additional grant funding of £96,082 was also received towards the costs for post-16 provision in schools, resulting in total grant funding for the Council of £4.447 million. The Welsh Government Finance Secretary indicated that this grant funding would only cover around 80% of the costs of public sector employees, so the local authority has had to fund this shortfall of around £380,000, in addition to the cost of commissioned services. This grant funding has now been transferred into the settlement on a recurrent basis.

School Delegated Budgets

- 4.1.12 Given the difficult financial position that the Council found itself in, a 1% efficiency in school budgets (£1.186 million) was included in the MTFS for 2025-26, given that school budgets account for around a third of net revenue expenditure. For 2026-27 the overall provisional settlement for the Council is slightly less challenging than anticipated, therefore schools have not been asked to find any savings in 2026-27 or beyond at this stage.
- 4.1.13 There are still a significant number of pressures on school delegated budgets for 2026-27 and beyond, not least the full year cost of the September 2025 teachers' pay award for April to August 2026 (4% increase), the new pay award for teachers from September 2026, and the non-teachers' pay award from April 2026. Additional funding will be provided to them during 2026-27 to offset these additional pay and price pressures, which could reach £5 million based on current estimates. It is also understood that a number of school grants will be increasing in 2026-27 which will also help to support schools. The position on school budgets is explained in more detail in **Table 12** below and shows a potential overall increase in budgets by year end of around £8 million, depending on pay awards:

Table 12 – School Delegated Budgets

	£000
Schools Delegated Budget 2025-26	126,309
Transfers into the Settlement:	
a) Teachers' Pay Award September 2025	818
b) Employers' National Insurance	2,073
c) Funding to move Additional Learning Needs Coordinators onto Leadership Spine	184
Pay and Prices:	
Teachers' Pay (April – August 2026)	1,206
Other Pay Related eg Real Living Wage	515
Budget Pressures:	29

Reduction in Employer Pension Rate	-968
Opening Budget 2026-27	130,166
Potential In-Year Additional Funding for Pay/Prices	3,086
Potential Final Budget 2026-27	133,252

Budget Pressures

- 4.1.14 The final schedule of inescapable budget pressures is attached at **Appendix C** and they are split into base budget pressures identified during 2025-26, updated for the quarter 3 revenue monitoring position, and emerging directorate pressures going forward into 2026-27 onwards. They cover those pressures deemed to be unavoidable or statutory, and try to mitigate some of the more significant budget pressures arising in 2025-26. There is an additional section outlining new budget pressures proposed following the Welsh Government announcement in December 2025 of additional funding for the final settlement, in addition to those outlined in the January draft budget report. All budget pressures proposed are recurrent and will be included in the base budget going forward. It should be noted that budget pressure bids amounting to over £20 million were originally submitted, but these have had to be prioritised due to the limited funding available. Some of the funding allocated is to enable time for transformation of services to take place and will be subject to robust ongoing financial monitoring during 2026-27.
- 4.1.15 The January draft MTFS report to Cabinet explained that services had only been asked to submit unavoidable budget pressure bids due to the challenging financial situation.
- 4.1.16 Some of the more significant pressures facing the Authority include:
- Costs associated with supporting and protecting our most vulnerable residents, especially children.
 - Support for children with additional learning needs.
 - Increased costs of commissioned services in the social care sector following the 6.7% increase in the Real Living Wage, and in general following the 4.1% increase in the National Living Wage announced by the UK government. Of the £6.345 million of budget pressures in Social Services and Wellbeing, £3 million is in respect of the Real Living Wage for commissioned services.
 - An increase in the Fire and Rescue Authority's levy on the Council to meet pay and price increases.
- 4.1.17 The UK's Packaging Extended Producer Responsibility (pEPR) scheme is a reform that shifts the full financial cost of managing household packaging waste from taxpayers (local authorities) to the businesses that place it on the UK market. Payments to local authorities are being made from November 2025 to cover their costs for managing household packaging waste. These payments, funded by producers of packaging, are calculated based on the net efficient disposal costs for each material type, and for Bridgend CBC in 2025-26 equates to £3.922 million. This amount is likely to reduce in future years as businesses reduce their packaging waste.

The pressures shown in **Appendix C** therefore do not include many budget pressures in the communities' directorate as the pEPR funding will enable the directorate to support pressures in their service areas from the waste budget funding it releases. This will include mitigating pressures in respect of fleet management, planning, additional waste collection and disposal requirements, both capital and revenue, and in respect of the circular economy. However, it is worth noting that some of the recurrent pressures may need reviewing in future years if the pEPR funding reduces significantly.

Budget Reductions

- 4.1.18 Budget reduction proposals of £2.348 million for 2026-27 have been identified from service budgets to achieve a balanced budget, and these are detailed in **Appendix D**. Some of these proposals were approved by Council in the MTFS 2025-2029 and they are outlined in **Table 13** below:

Table 13 – Budget Reductions already Approved

Ref	Proposal	£'000	Approval Date
EEYYP2	Review of Home to School Transport	417	£1.092m saving across 2025-26 to 2026-27. Policy change approved by Cabinet on 23 July 2024 with revised Policy approved on 10 September 2024 and implementation from September 2025.
SSW2	Redevelop the indoor bowls arena space	10	Approved in MTFS 2025-2029
SSW12	Business efficiencies in social services support services	129	Approved in MTFS 2025-2029
COM2	Review of cleaning specifications and frequencies on BCBC Operational assets	35	Approved in MTFS 2025-2029
COM3	Further review of cyclical servicing and maintenance contracts	40	Approved in MTFS 2025-2029
COM4	Increase income across the commercial property portfolio	15	Approved in MTFS 2025-2029
CEX6	Review provision of the CCTV service	250	Approved in MTFS 2025-2029. Original value was £444k but this has been reduced.

- 4.1.19 Since the draft MTFS was presented to Cabinet in January 2026, and following the outcome of the public consultation and discussions with the Corporate Overview and Scrutiny Committee, one budget reduction proposal for 2026-27 totalling £0.068 million has been deferred until 2027-28. This proposal is set out in **Table 14** below. This deferral will give the Directorate time to fully develop a strategy for management and maintenance of cemeteries before the increase in charges is implemented.

Table 14 – Amendments to Draft Budget Reduction Proposals

Draft MTFs Ref	Proposal	Amendment	Reduction £000
COM4	Increase in burial fees by 10%	Deferred until 2027-28	68

4.1.20 This year it has again been extremely challenging to identify reductions in service budgets in order to balance the budget. Given the level of savings made by the Council in recent years, additional budget reductions are not easy to achieve and going forward will require transformational change, often including up-front investment, to reconfigure services and processes. Currently there are four emerging invest to save proposals under consideration – in adults’ and children’s social care, the provision of secondary nurture classes to reduce exclusions, and in respect of reducing the unit cost of placements in non-maintained / out of county settings. These budget reduction proposals will have a significant impact on staff and residents alike, but are necessary in order to set a balanced budget, or council tax would have to increase by an even higher rate.

4.1.21 Partnership Working

As part of the MTFs process, and in view of the challenging financial circumstances the Council faces, we also review each of our main strategic partnerships to identify any potential cost savings. The Council’s main strategic partners are:

- The Shared Regulatory Service (SRS), which is operated in partnership with Cardiff and the Vale of Glamorgan Councils, was asked by the partner organisations to put forward savings for 2026-27. Those proposals are to be considered by the SRS Joint Committee to feed into the budget setting process.
- The partnerships with Halo Leisure and Awen Cultural Trust to run our leisure facilities and library and cultural facilities respectively, were also thoroughly reviewed. These key partners are delivering services at considerably less cost than when the Council provided leisure, culture and library services internally and have added considerable social value to communities in Bridgend. In recent years both partners have increasingly focussed on supporting the most vulnerable and provide a highly effective preventative offer. There will be a need to ensure that these partnerships continue to innovate whilst also recognising that these partners as providers also experience the same inflationary pressures – pay and non-pay - as other Council suppliers.
- Following Welsh Government's review of the school improvement system in Wales (the "Middle Tier Review"), from September 2025 several changes were made in respect of school improvement arrangements across Wales. The main change for Bridgend schools is that support for school improvement is now delivered directly by the local authority. The Central South Consortium still plays a key role in supporting schools across Bridgend, Merthyr Tydfil, Cardiff, the Vale of Glamorgan and Rhondda Cynon Taff, by providing a wide-ranging, professional learning offer.

- The South East Wales Corporate Joint Committee, which came into operation in April 2024, is made up of the ten local authorities named in The South East Wales Corporate Joint Committee Regulations 2021 plus the Brecon Beacons National Park Authority. Since April 2024 it has had responsibility for regional transport and strategic planning and for doing whatever is deemed necessary to enhance or promote the economic well-being of the area. It is known as the Cardiff Capital Region City Deal. For 2026-27 it is anticipated that the local authority contribution will remain at or around the same overall level as 2025-26.

Council Wide Budgets

- 4.1.22 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies, centrally held pay and prices provisions, insurance budgets, discretionary rate relief and centrally held building related costs. A number of these budgets are fixed and unavoidable, and therefore cannot be reduced without putting the Council at risk. The higher than anticipated pay awards in recent years, soaring inflation, and unprecedented amount of budget pressures has put also additional pressure on these budgets.
- 4.1.23 The South Wales Fire and Rescue Authority covers 10 South Wales Council areas including Bridgend County. It is funded by raising a levy on its constituent Councils, based on population. The current levy on Bridgend for 2025-26 is £9,532,347. For 2026-27 the Council has received a transfer of £12,660 into the provisional settlement from Welsh Government in respect of Fire and Rescue Authority (FRA) pay increases in 2025-26. This will be passported to the FRA as part of the annual levy in 2026-27. The FRA has consulted on a proposed average increase of 2.99% across all its constituent local authorities for 2026-27, which, after population changes, would equate to an increase in Levy of £272,113 for Bridgend, to £9,804,560. Following the consultation process a final decision will be made at the FRA Board meeting on 13 February 2026. The proposed budget increase for the Council, after transfers into the settlement are taken into account, is included as a budget pressure in **Appendix C**.

Business Rates (Non-Domestic Rates)

- 4.1.24 The Local Government Finance (Wales) Act 2024 provided the Welsh Government with the ability to introduce differential multipliers for Wales. They include the introduction of:

- a lower multiplier for small to medium sized retailers
- a higher multiplier for high value properties

The levels of all multipliers have been determined as part of the Welsh Government's budget setting for 2026 to 2027. The lower multiplier has been set at £0.35, the higher multiplier at £0.515 and the standard multiplier has been set at £0.502 (£0.568 in 2025-26).

- 4.1.25 The next non-domestic rating list will also take effect on 1 April 2026, following revaluation. The Welsh Government will provide transitional relief to all ratepayers whose liabilities will increase by more than £300 following the revaluation. Any such increases will be phased in over two years. In addition, on 3 February 2026 Welsh Government announced that they would also be providing 15% rates relief for pubs, restaurants, bars, cafes and live music venues. There is little overall impact on the

Council's non-domestic rates bill as a consequence of these changes, although individual properties are affected differently and budgets may need to be moved within directorates accordingly to reflect the changes.

Fees and Charges

- 4.1.26 Generally, fees and charges are increased by CPI, subject to rounding, or in line with statutory or service requirements, except where a clear decision is taken not to do so. A full schedule of fees and charges will be published on the Council's website at the start of the financial year. New charges or charges that have been included in the 2026-27 budget and are above the general CPI or statutory minimum increase are shown in **Appendix E**.
- 4.1.27 The Fees and Charges Policy aims to set a consistent approach across Council services and outline key principles to be applied. As a key principle, where a decision has been taken to charge for a service, the Council will aim for full cost recovery, except where there is a conscious decision which is consistent with Council priorities, recognising that the service would then be subsidised by council tax payers. Going forward, it is proposed to review fees and charges on a more rolling basis.
- 4.1.28 In line with the Fees and Charges Policy, if it is proposed not to increase fees and charges for a service in a particular year, this needs approval from the relevant Director and Section 151 Officer. This would be limited in number and would usually be where it does not make commercial sense to increase charges for a service.

2026-27 Budget

- 4.1.29 **Appendix F** details the Directorate Base Budgets for 2026-27. This includes an intra-directorate virement in social services and wellbeing of £1.128 million from the physical disabilities budget to the older people budget in order to realign budgets across the relevant direct payment network teams within the older people budget. As mentioned earlier in the report, Cabinet has reflected on the responses received through the budget consultation to shape the budget for 2026-27 and how it has addressed these responses is outlined in section 2.3. Going forward, given the continuing challenging financial outlook, the Council will need to think more strategically about how it will look, and develop a transformation plan which will set out a clear, long-term vision for Bridgend in 2040, and some broad themes / work streams for how we will achieve that vision. This will determine what areas of the Council continue to be funded in future years, and what is needed to enable this to happen, and could include:
- Digital transformation of wider Council services, including Artificial Intelligence
 - Invest to Save proposals to shape future services
 - Income generation opportunities
 - Working with partners to asset transfer and protect community facilities;
- 4.1.30 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real terms' reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFs period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment,

early retirements and voluntary redundancies, but some compulsory redundancies will continue to be considered and could be necessary.

4.2 Capital Programme and Capital Financing

- 4.2.1 This section of the report deals with the proposed Capital Programme for 2025-26 to 2035-36, which forms part of, but extends beyond the MTFS. It has been developed in line with the MTFS principles and the Council's Capital Strategy and reflects the Welsh Government capital settlement for 2026-27. The Programme has been revised during the financial year to bring it up to date and take into account new capital schemes either funded from external resources, or from internal resources following a review of the Council's capital investment requirements.
- 4.2.2 The Welsh Government final capital settlement for 2026-27 provides General Capital Funding (GCF) for 2026-27 of £204 million across Wales and of £8.841 million for the Council for 2026-27, of which £3.849 million is un-hypothecated supported borrowing, with the remaining £4.992 million provided through general capital grant. This is £259,000 more than we received in 2025-26.
- 4.2.3 The original budget approved by Council on 26 February 2025 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2024-25, slippage into 2026-27 and any new schemes and grant approvals. A review has also been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. The Council only receives around £8 million per year from Welsh Government and has limited opportunities now to generate additional capital receipts or increase capital earmarked reserves. Due to the very limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers were asked to only submit bids for unavoidable capital pressures for inclusion in the capital programme. Given limited capital resources and increasing costs of contracts, the Council will need to make difficult decisions about which capital schemes it can afford to progress, which will involve prioritising existing and future schemes, as not all will be affordable. The programme will require constant review, of not just new, but also existing approved schemes, since the figures included for schemes may change following tender processes.
- 4.2.4 In addition to limited levels of funding, there are also other financial pressures arising as a result of ongoing economic circumstances, which are being seen in existing tender prices, and will continue to do so for some time going forward, placing pressure on the capital programme overall, including:
- Increased prices of materials, as a result of higher inflation rates, sometimes up to 25% higher than previously estimated;
 - Supply chain difficulties leading to higher prices and delays in schemes being completed;
 - Inability to recruit to key posts, both within the Council and companies we contract with, resulting in higher wages and overall contract costs;
 - Additional requirements on schemes to achieve Welsh Government's Net Zero commitments, which includes an aim of collectively achieving net zero across the Welsh public sector by 2030. This will lead to changes in the way we design and manage our assets, which will likely result in increased costs.

These pressures mean that the Council has limited resources available to fund capital projects in the coming few years therefore all decisions regarding changes to the programme will have to be carefully considered.

- 4.2.5 The Capital Programme contains a number of annual allocations that are met from the total general capital funding for the Council. The proposed allocations for 2026-27 are shown in **Table 15** below.

Table 15 – 2026-27 Proposed Annual Allocations of Capital Funding

	Proposed 2026-27 £'000
Highways Structural Works	340
Carriageway Capital Works	250
Disabled Facilities Grant	2,450
Housing Renewal / Empty Property Schemes	100
Minor Works	1,130
Community Projects	50
Street lighting / Bridge infrastructure replacement	400
ICT equipment replacement	400
2030 Decarbonisation	150
Total	5,270

- 4.2.6 The latest capital programme was approved by Council on 4 February 2026. There are only three amendments to this, as follows, which will be met from uncommitted capital reserves:

Highways Infrastructure (£2.5 million)

As the local highway authority, we have a statutory duty to maintain a safe and efficient network of major roads, adopted residential streets, pavements and footpaths throughout the County Borough. The highway asset is the largest asset that the Council owns. By investing in our highways infrastructure we improve the safety for highways users and cut down on the need for reactive repairs. In 2025-26 and 2026-27 the Welsh Government has provided the Council with revenue funding to enable us to self-finance circa £4.8 million of capital funding to be spent on highways management and fixing our local roads. It is proposed to include a further sum of £2.5 million in the Council's capital programme, met from a combination of unallocated capital and capital programme reserves, to supplement this to enable the authority to continue to invest in and proactively maintain our highways infrastructure, including our lower category roads.

BCBC-Owned Community Sports Facilities (£1.5 million)

Improvements to BCBC-owned sports facilities, including refurbishment and repair of pavilions, pitches, multi-use games areas and skate parks.

Community Play Areas (£1.457 million)

The local authority has over 100 equipped children's play areas across the county borough, and a programme is in place to support the renewal of this equipment. Many of these sites have already been refurbished in recent years; however, an additional £1.839 million is required to complete the programme. £382,000 of Section 106 funding was included in the capital programme at quarter 3, and the remaining £1.457 million is included in the updated capital programme at **Appendix G**. This further investment will enable the remaining play areas to be fully or partially upgraded, including improvements to play equipment and surfacing, ensuring safe and high-quality opportunities for outdoor play.

4.2.7 The updated capital programme also includes new schemes funded by the Transforming Towns grant, additional schemes approved by Council since the Capital Programme Quarter 3 Update 2025-26 report was approved by Council on 4 February 2026, and new slippage into 2026-27. Any further new proposals for capital funding will be considered in light of, and in line with, the proposed Capital Strategy 2026-27 to 2035-36, and the limited resources available, and will be brought back to Council for approval at a later date. The Capital Programme Board will continue to review and monitor capital schemes, trying to ensure that projects are completed on time, within approved budget and to the agreed quality.

4.2.8 The proposed capital programme includes a number of existing projects which will help to support, and provide much needed investment in, the economy including:

- Investment in housing and homelessness schemes, to address, and help to reduce, the revenue pressures that the Council is facing.
- Investment in ensuring that the highways and footways are of a good standard to encourage the use of local services by the public and avoid the need to travel to out of town developments.
- Investment in all of our town centres, with works progressing on the Grand Pavilion, Porthcawl, for example.

These supplement those existing schemes, such as the Cardiff Capital Region (CCR) investment which will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity.

4.2.9 There is also significant investment in Disabled Facilities Grants and other Housing Schemes, to enable people to live as independently as possible in their own homes. This is supplemented by the analogue to digital telecare transition, which will provide a more reliable and integrated service that better supports our more vulnerable adults.

4.2.10 A key component of the Council's capital programme going forward is the Schools' Modernisation Programme under the Welsh Government's Sustainable Communities for Learning Programme. Work is accelerating on Band B options, which will result in further capital investment of around £98 million in the Council's schools' estate, funded from a combination of BCBC capital and Welsh Government capital grant.

4.2.11 In addition, Council has previously approved significant investment in upgrading existing buildings through the capital minor works programme to reduce running costs, including maintenance, and improving energy efficiency across its assets. This is in addition to a range of energy efficiency schemes across Council buildings, such

as the Refit programme, which has seen schools and public buildings fitted with a range of measures including LED lighting, lighting controls, Building Management Systems and solar PV systems, designed to improve energy performance, reduce energy bills and carbon emissions, and which will be repaid from recurrent revenue savings generated, along with investment in new electric fleet.

- 4.2.12 The revised capital programme is attached as **Appendix G**. This includes the amendments outlined above.

Capital Receipts

- 4.2.13 The disposals strategy for the period to 2030 is still in the process of being finalised and, as with previous years, it is anticipated that the majority of the receipts will emanate from the sale of our interests within the Porthcawl Waterfront Regeneration Area. Welsh Government have now increased their share of the joint venture and we will go forward with them as equal partners. The equalisation resulted in a substantial early capital receipt for the Council.
- 4.2.14 Whilst Porthcawl will be the focus of the disposal programme in the immediate future, the agreed sale of our land at Ewenny Road, Maesteg to Avant Homes is progressing well, with the land remediation works due to be completed in January 2026. The completion of these works will trigger the completion of the land sale which will bring in a capital receipt in the 2025-26 financial year. Based on the deal that has been exchanged this is likely to result in a capital receipt of around £1.35 million to the Council.
- 4.2.15 Since last year the sale of our former offices at Ravens Court, Bridgend, to South Wales Police has been completed resulting in a capital receipt to the Council of £1.85 million. The sale of the former YGG Cwm Garw site in Pontycymer has been delayed and will now complete in the 2026-27 financial year albeit this is a relatively small receipt of £65,000.
- 4.2.16 Our strategic land holding at Parc Afon Ewenni, Waterton, Bridgend which was due to be brought forward for sale is now being considered for our own use and will not be marketed for sale in the immediate future.
- 4.2.17 Capital receipts from property disposals are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

Prudential (Unsupported) Borrowing

- 4.2.18 Total Prudential Borrowing taken out as at 1 April 2025 was £46.889 million, of which £31.246 million was outstanding. It is estimated that the total borrowed will increase by £7.512 million by the end of 2025-26.
- 4.2.19 Future prudential borrowing could include an estimated £1.964 million towards the purchase of fleet, £1.565 million towards new school builds and £1.5 million towards the refurbishment of Children's Play Areas.

4.3 Council Reserves

4.3.1 The Council's Reserves and Balances Protocol attached at **Appendix H** sets out the principles used to assess the adequacy of reserves, the rationale for establishing reserves and the arrangements for monitoring reserves. Principle 9 of the Council's MTFs Principles states:

9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.

Over the last four years, the Council Fund has been at a minimum of £9.7 million and at 31 March 2025 it was £10.008 million, which is 3.9% of the 2025-26 net budget excluding school delegated budgets. The challenging financial situation over the current and previous financial years has meant that we have only been able to add a very small amount to this Fund; in 2023-24 we had to draw down £102,000 to offset the year-end over spend. To meet the 5% guideline level, the Council Fund would need to be around £12.85 million, which is around £2.8 million more than the current balance. This will be monitored and will depend upon financial performance during future periods and the need to provide against specific risks as they arise through the earmarked reserves process.

4.3.2 In accordance with the Protocol, a review of the Council's reserves is undertaken at regular intervals. **Appendix H** sets out the movement in the Council's earmarked reserves as at 31 December 2025. It is anticipated that there will be drawdown of a number of reserves during the final three months of 2025-26 including:

- The estimated draw down of £13.281 million from the Capital Programme reserve, which does rely on additional capital spend being incurred during the final months of the year. This includes the estimated draw down of £2.428 million Schools Capital Maintenance Grant for expenditure towards maintenance schemes within schools, funding for play areas and affordable housing.
- Draw down of £0.048 million of funding for feasibility studies.
- Draw down of £0.472 million from directorate earmarked reserves and a further £0.075 million from equalisation and grant earmarked reserves.

Whilst at quarter 3 it is forecast that the Council will be in an under spend position at the year end, should this change any year-end over spend will need to be funded from earmarked reserves or the Council Fund.

4.3.3 In line with the Protocol, a further review will be undertaken at the end of the current financial year and transfers may be made at this point taking account of the overall financial position of the Council, including the final outturn, actual accrued council tax income, earmarked reserve levels, the Council Fund level and any new pressures or risks that need to be provided for. The position will be reviewed at the year end and, if funds are available, Directors may be invited to submit earmarked reserve requests to meet any specific unfunded pressures that they expect to arise in 2026-27 and these will be considered in the context of Directorate outturn positions as well as that of the Council as a whole. A summary of the earmarked reserves position is provided in **Table 16**.

Table 16 – Summary of Earmarked Reserves

Opening Balance 01 Apr 25	Reserve	Net Additions/ Reclassification	Draw-down	Unwound	Closing Balance 31 Dec 25
£'000		£'000	£'000	£'000	£'000
58,024	Corporate Reserves	(219)	(393)	-	57,412
7,577	Directorate Reserves	347	(734)	(51)	7,139
2,888	Equalisation & Grant Reserves	(45)	(81)	-	2,762
(619)	School Balances	-	-	-	(619)
67,870	TOTAL RESERVES	83	(1,208)	(51)	66,694

4.4 Council Tax

- 4.4.1 Based on the proposed budget of £408.149 million, there is a proposed 4.7% increase in council tax for 2026-27. This is required due to a combination of increasing demand for services and significant cost pressures, both pay and price increases. As mentioned previously, this is lower than the 4.95% proposed at draft budget stage, and takes into consideration the outcome of the budget consultation process, along with the need to set a sustainable budget going forward, taking into consideration ongoing risks around pay and price increases.
- 4.4.2 As shown in **Table 11**, in 2026-27 council tax will only provide around 27% to 28% of the Council's funding. The majority of funding comes from Welsh Government, via the Revenue Support Grant and the Council's share of non-domestic rates. An increase in council tax of 1% therefore only provides around £1 million of additional funding.
- 4.4.3 The implications in terms of the Council Tax increase for 2026-27 (excluding Police & Crime Commissioner for South Wales and Community Council precepts) are shown in **Table 17**.

Table 17 – Council Tax Increase 2026-27

2025-26 Band D	£1,916.96
2026-27 Band D	£2,007.06
% Increase	4.70%
Weekly Increase	£1.73

SECTION 5. LONGER TERM OUTLOOK

5.1 Longer Term Financial Outlook Considerations

- 5.1.1 The assumptions included in this Medium Term Financial Strategy are based upon the best available information at the time, although given one year budget settlements and constantly changing economic situations, there is clearly a degree of estimation in this, and the assumptions will change over time. This section of the report is to provide information on the Council's longer term financial outlook and the probable impacts that current trends and future decision-making will have on the financial health of the Council in the years to come.
- 5.1.2 The longer term outlook is not intended to be a 10 year budget strategy tool in the same way that the Medium Term Financial Strategy is for the next 4 years; there are so many political, financial, social and economic variables that it is not possible to forecast the level of funding that will be available to the Council in ten years' time, and expenditure levels will be determined by political decisions that are not yet made. It provides a financial framework (the business rules) to reference against when preparing both annual and longer term financial plans.
- 5.1.3 However, the value of it comes from being able to understand the broad direction of financial travel that the organisation is currently on, and the impact that current decision making will have on the long term financial health of the Council. This will be driven by the financial and non-financial projections outlined in Section 5.2.
- 5.1.4 This section will focus on the longer term financial outlook, cost pressures, potential risks, major timelines for key contracts and economic factors that will affect the financial health of the organisation for the next 10 years up to 2037 if the current direction of travel continues, and to present possible alternative scenarios. The main areas it will cover are:
- Future sources of funding – the best estimate of future Welsh Government grant levels and Council Tax income;
 - Future cost pressures – this includes general inflation, potential pay awards, pension and national insurance increases, financing future capital investment, and the impact that forecast demographic changes are likely to have on future council budgets;
 - The Council's strategy to meet the challenges.

5.2 Sources of Funding

The Council has 3 main sources of funding:

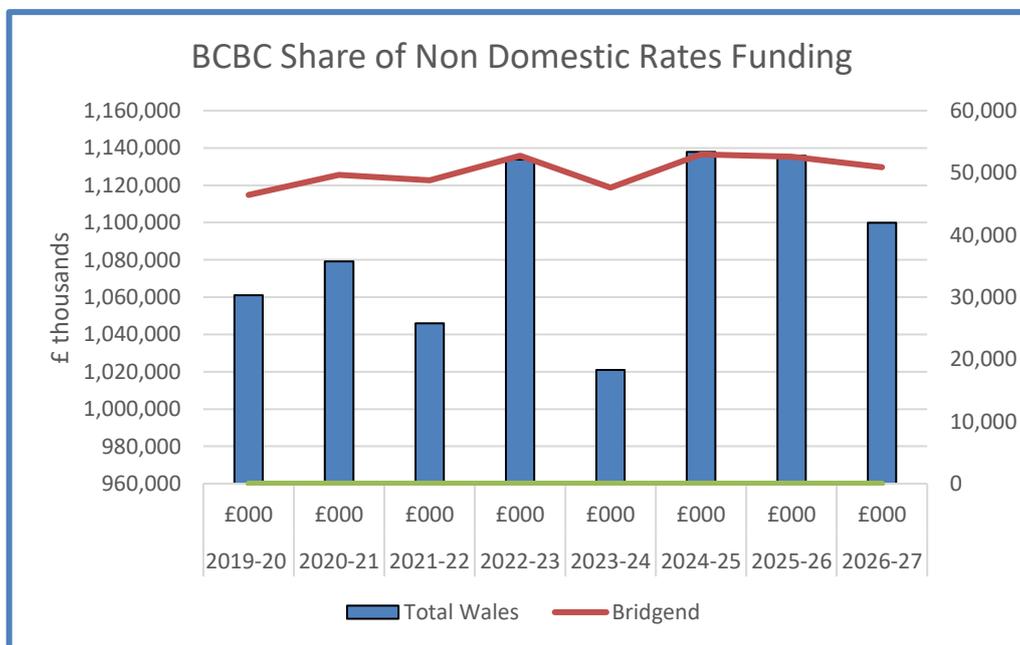
- Welsh Government Revenue Support Grant (RSG),
- Share of Non-Domestic Rates (NDR) / Business Rates,
- Council Tax

5.2.1 This funding is then supplemented by any income received as a result of charging for services, and any specific external grants to come to the total of what the Council can afford to spend each year.

The **Revenue Support Grant** is by far the most significant element of the Council’s funding, so the Council will remain susceptible to external economic factors that drive the size of the core grant. In real terms this funding has reduced significantly over the last few years, and this is often masked by transfers of grant funding into the settlement, along with funding for new responsibilities that the Council is required to take on.

Welsh Government distribute the **non-domestic rates** funding to local authorities based upon its pro rata share of adult population. Bridgend’s percentage share of non-domestic rates in recent years is shown in **Chart 5**. The decrease in quantum for 2023-24 was as a consequence of the increase in business rates relief from 50% to 75% for retail, leisure and hospitality businesses, which led to an overall reduction in the amount of business rates collected. In 2024-25 this relief reduced from 75% to 40%, and remained at 40% in 2025-26. From 2026-27 onwards there will be 3 multipliers, a standard multiplier, at a rate lower than the current multiplier, a lower retail multiplier and a higher multiplier for larger premises. For 2026-27 Bridgend’s percentage share of non-domestic rates funding has remained at around 4.6%, although the overall quantum has reduced in 2026-27 due to the changes in non-domestic rates. This has been compensated for by a higher amount of revenue support grant.

Chart 5: Bridgend’s Share of Non-Domestic Rates



The proportion of **council tax** required to balance the Council’s budget has steadily increased over recent years and it currently funds around 28% of the budget. Going forward, the MTF5 includes an assumption that council tax will increase annually by 4.5%. Bridgend’s population has increased in recent years, impacting on the council tax base, which in itself generates additional council tax income. Over the last 10 to 15 years the council tax base has increased by around 0.75% to 1.0% on an annual basis, taking into account any changes to assumed collection rate. It is reasonable to

assume this rate of growth could continue with a growing population, but collection itself is becoming more difficult due to the removal of the penalty of imprisonment for non-payment and the economic hardship a large number of people are finding themselves in as a result of the cost of living crisis, alongside Welsh Government changes to the rules for council tax collection in 2026. Where our council tax base increases as a result of the Local Development Plan, and new housing sites, the Welsh Government will adjust the amount of Revenue Support Grant down accordingly, as the assumption is that this reduced funding will be offset by increased council tax income.

5.2.2 In line with the Medium Term Financial Strategy, and based on no more up-to-date information, the longer term strategy will be based on the most likely scenario of:

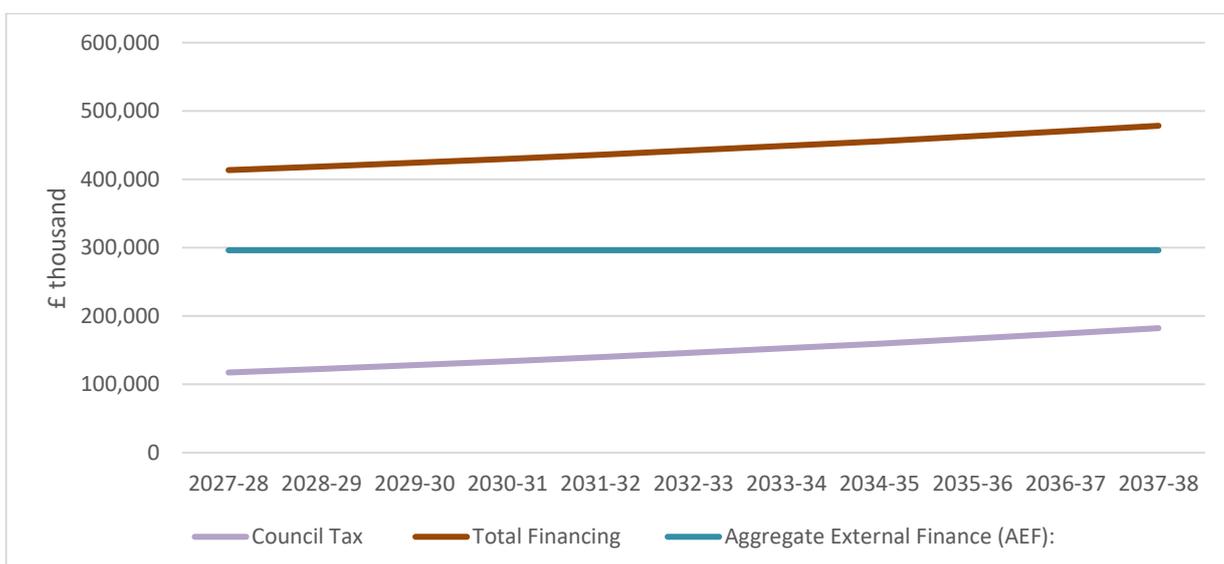
- no changes to Welsh Government funding.
- council tax increases of 4.5%.

5.2.3 **Chart 5** showed that Bridgend’s amount and percentage share of Welsh Government’s distributable amount of non-domestic rates has remained steady in recent years at around 4.6%. The share of non-domestic rates is projected to continue at this level going forward, but this will depend largely on the amount collected by Welsh Government across Wales which will be impacted by the economic climate, and any reliefs offered, especially as a result of the ongoing cost of living crisis, and the actual population change compared to the rest of Wales. However, any potential increase in non-domestic rates is likely to be alongside a freeze in revenue support grant.

5.2.4 Based on the funding scenarios outlined above, over the 10 year period the estimated freeze in Revenue Support Grant is anticipated to be offset by additional income from council tax and potentially non-domestic rates.

5.2.5 **Chart 6**, below shows the potential changes in Aggregate External Funding over the 10 year period, offset in the main from the increase in council tax over that period. There would be a 62% increase in council tax income between 2026-27 and 2037-38 if we continue with this model of funding, and the proportion of the budget funded from council tax would increase from 27.44% to around 38%.

Chart 6: Estimated Funding over life of Longer Term Financial Strategy



However, even with this level of funding, it is unlikely to be sufficient to meet the various pressures that the Council will face, which will be outlined in the next section, and this will result in substantial budget reduction requirements going forward.

5.3 Future Cost Pressures and Risks

5.3.1 The Auditor General for Wales has previously identified some key areas of public service transformation that Welsh public bodies need to take into account as they shift their planning horizons to the longer term. These included climate change, equalities, transforming service delivery, in particular harnessing technology, where appropriate, and purposeful collaboration ('Picture of Public Services 2021' report (September 2021)). Further detail on some of these key opportunities and challenges is provided below:

Climate change	The Environment (Wales) Act 2016 placed a duty on the Welsh Ministers to ensure that in 2050 net emissions are at least 80% lower than the baseline set in legislation. The Environment (Wales) Act 2016 (Amendment of 2050 Emissions Target) Regulations 2021 increased the minimum percentage from 80% to 100%, ie. net zero emissions. Welsh Government has an aspiration for a net zero public sector by 2030.
Poverty	Audit Wales issued a report - 'Time for Change' Poverty in Wales – in November 2022. Key messages from the report were that poverty is multidimensional, complex, growing and impacting more people in Wales. The impact of poverty is far reaching and increasingly more difficult for people to deal with. People in all parts of Wales continue to live in poverty and the number is estimated to be rising, with the cost-of-living crisis pushing more people into poverty The analysis shows that poverty is the single major challenge facing all tiers of government.
Technological developments	Public bodies need to balance the opportunities that technological changes provide with a need to ensure that they do not exclude those who are less comfortable and able to use digital technologies.

© 2022 Auditor General for Wales – Time for Change – Poverty in Wales

The Auditor General also published a report in February 2024 entitled 'From Firefighting to Future-proofing – the Challenge for Welsh Public Services' in which he drew on the work of Audit Wales to *'reflect on the way our public bodies are governed and managed, the importance of minimising losses through fraud and error, the complexity of the public service landscape, and challenges around workforce capacity, digital transformation, and planning for the long term'*. It also emphasised the need more than ever to ensure value for money in public spending to enable government and public organisations to achieve more with what they already spend.

Since late 2021 the UK has been faced with a cost of living crisis which, in addition to cost pressures arising from an ageing population and the impact this has on service demand, has created additional financial pressures across all local authorities in the United Kingdom.

In October 2023 Wales Fiscal Analysis at Cardiff University issued a briefing note on the medium term fiscal outlook for government in Wales. It concluded that:

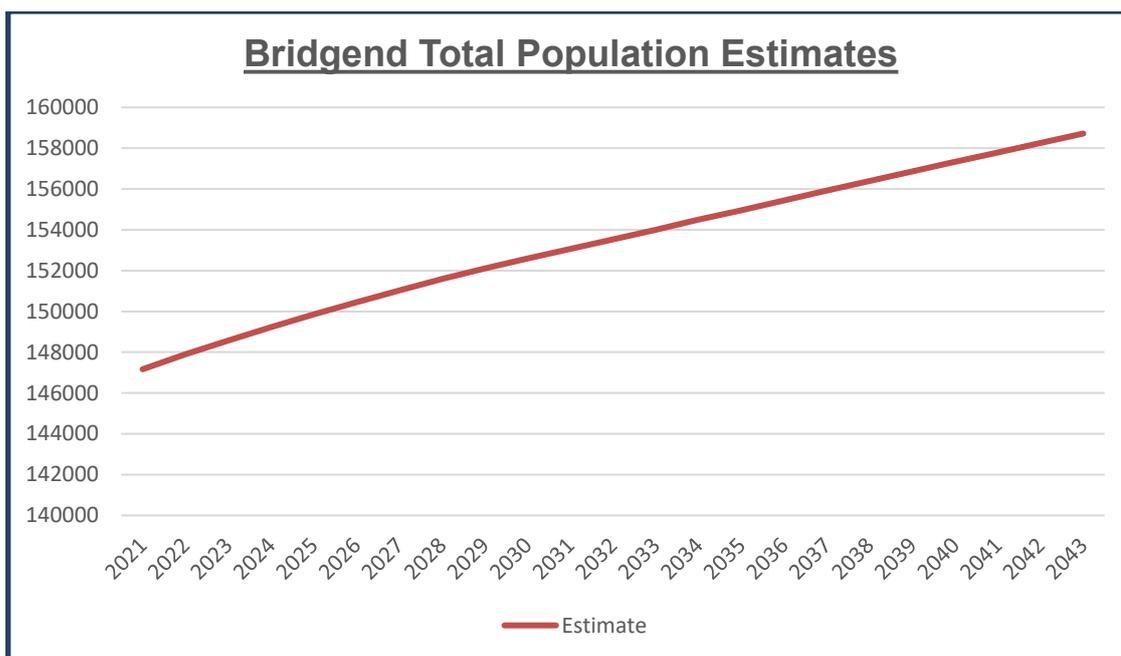
- *....spending pressures have outstripped the growth in local government revenues over the last two years, despite significant nominal terms increases in funding from the Welsh Government. A key driver has been substantial pay increases for local government staff and teachers, despite many workers still seeing real terms pay cuts. In response, local authorities have mitigated pressures by drawing down significantly from their reserves (built up during the previous two years) and Council Tax increases averaging 5.8% in 2023-24.*
- *Under our assumptions, total local government funding from the Welsh Government is set to fall slightly in nominal terms (by an average of -0.2% per year) over the years 2026-27 to 2027-28. That would mean a 4.3% reduction in real terms over the three years.*
- *However, under our central scenario for funding over future years, local authority finances appear to be on an unsustainable path, with the funding gap growing in each year of the projection. Relative to our base year of 2021-22, the funding gap could grow to £744 million by 2027-28.*
- *While the economic and fiscal context could radically change, our projections of spending pressures and funding suggest there could be significant reductions in local services over coming years.*

These are in addition to specific challenges known to the Council at present, including:

Population increases

- 5.3.2 Indications are that the population will continue to increase over the next 10 to 15 years, from 147,000 in 2021 to 158,000 in 2043, as outlined in Welsh Government population projections in **Chart 7** below. This will place increased pressure on the Council's budget if no additional funding is provided, particularly in terms of school places, adult social care, infrastructure and transportation. However, whether or not this will attract additional funding will depend on population growth across Wales as a whole.

Chart 7: Bridgend Population Estimates



Pupil numbers

5.3.3 An increase in pupil numbers in schools places significant pressure on both the capital and revenue budgets, in terms of ensuring there are sufficient school places in the right location for pupils. This can result in capital investment in new schools, adaptations to schools or re-balancing the mix of schools, primary, secondary and special, but also Welsh medium and English medium. **Table 18** below shows that there has been a significant increase in special school pupils over the period, with a recent corresponding reduction in primary pupils, with secondary pupils fluctuating. Overall pupil numbers are lower now than they have been for the past five years. The funding per pupil in special schools, in particular, is significantly higher due to the additional staffing resource required to provide for these pupils, which places additional demands on a limited budget.

Table 18 - Bridgend Pupil Numbers

	Primary	Secondary	Special	Totals
September 2021	12,844	9,795	390	23,029
September 2022	12,566	9,901	422	22,889
September 2023	12,289	9,773	435	22,497
September 2024	12,001	9,801	452	22,254
September 2025	11,816	9,748	461	22,025

Pay awards

5.3.4 Since 2018 pay increases have been generally higher than inflation, particularly for those on lower grades and for teachers at the bottom of the pay scales. This is evidenced in some of the recent pay increases for National Joint Council workers, whereby those on the lowest scale points received an overall higher percentage increase than those on the higher scales (5.77% compared to 2.5% in 2024-25). This

is in addition to rises in the National Living Wage which is currently at £12.21 (rising to £12.71 in April 2026). When this was announced the Treasury said the new minimum wage rates for 2026 struck a balance between "the needs of workers, the affordability for businesses and the opportunities for employment". The announcement in November 2025 of the 4.1% increase places pressure on the Council's budget from both in-house and commissioned services.

Contracts

5.3.5 The Council has a number of major multi-year contracts for the provision of its services, some of which are due to expire over the coming 10 years, and could create unavoidable significant financial pressures upon re-tender. These include:

Table 19 – Main Multi-Year Contracts

Contract	Contractor	Contract Length	Expiry Date	Current Annual Cost
Waste Collection	Plan B	2 years (plus optional 2 years)	30/06/27	£9.039 million
Home to School Transport	Various	Varies (taxis 1 year plus optional 1 year, buses 4 years plus optional 2 years)	Varies (taxis 2026, buses 2028)	£11 million
Cultural Trust	Awen Cultural Trust	20 years	2035	£3.771 million
Leisure Contract	HALO Leisure	15 years + 5 year extension agreed by Cabinet	April 2032	£1.175 million

In respect of the waste collection contract the Council will be bringing this service back in-house when the contract with Plan B expires at the end of June 2027. Whilst this does have the advantage of enabling the Council to exercise greater control and flexibility over the service provided, there are also potential additional challenges in respect of higher pension costs, capital requirements for vehicle replacement etc.

When we do need to re-tender contracts there are a number of risks, including:

- the risk of not securing a suitable partner;
- the risk of increased costs of running the contract going forward;
- the risk of the company remaining viable in the long term;
- start-up and transition problems, especially where there are changes in contractor;
- potential reductions in quality with a new contractor.

When considering the future models of service delivery for these services consideration will have to be given as to how the Council can ensure service quality, economies of scale and economic efficiency is achieved.

In addition, over the medium to longer term there are contracts due to end, with no requirement to renew, and contracts due to start for new service provision, including:

Maesteg School Private Finance Initiative (PFI) – due to end in 2034 with potential revenue savings of £2.5 million, although this is likely to be offset in part by a reduction in the amount of funding from WG via the Revenue Support Grant. Welsh Government funding through the settlement has been reducing incrementally over the period of the contract but there is likely to be a final reduction in RSG of around £1 million when the contract ends in 2034.

5.4 Longer Term Strategy

5.4.1 The Covid-19 pandemic and the war in Ukraine, and the impact of both, have reinforced how challenging it is to predict the economic climate in the short term in some instances, let alone in the longer term, with the usual single year budgets, local and national elections and other external forces at play.

5.4.2 In December 2024 Audit Wales published 'Financial sustainability of local government' in which they outlined in detail the work they had undertaken on financial sustainability across each of the 22 councils in Wales. It also provided some examples of how councils could strengthen their financial sustainability. In summary they found that all councils in Wales understand their short and medium term financial positions but most do not take a longer term view of financial sustainability and tend to rely on annual savings rounds, short term savings and short term use of reserves. The report also identified several common financial challenges facing all local authorities, namely:

- Inflation and the cost of living crisis;
- Social care, especially an ageing population and increased numbers of Children Looked After;
- Housing, particularly homelessness prevention duties;
- Education, specifically school budgets, additional learning needs and home to school transport;
- Capital investment and the revenue budget implications of borrowing;
- Environmental sustainability, meeting net zero targets and reacting to storm and flood damage.

5.4.3 The Council must take a view on what strategies it can adopt to try to mitigate any negative impacts on its finances, and some of these are highlighted below.

Digitalisation

In 2020 Cabinet approved a Digital Strategy for the Council which was divided into three key areas – Digital Citizen, Digital Council and Digital Place. The aim was to provide digital services that:

- are designed around the people who are going to use them, across the whole sphere of service delivery,
- are integrated to deliver seamless connectivity, and are simple and intuitive,
- are designed to safely and usefully share information, to better support the vulnerable in communities,
- demonstrate digital leadership, creating conditions for genuine channel shift,
- challenge the status quo to ensure the Council is working smarter.

The Council is currently drafting a new Digital Strategy. The new document will take into account the needs of stakeholders, both within and outside of the Council, linking in with our corporate vision and transformation requirements, and will be supported with an action plan which includes key milestones. Additional funding has been included as a budget pressure to support this.

Commercialisation

The Council has considered, and will continue to seek, opportunities to become more commercially minded in its business, including maximising income from the sale of its goods and services or other cost reducing opportunities such as community asset transfer. The aim will be to continue to provide as wide a range of services as possible, at minimum cost. However, the Chartered Institute for Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities includes a statement that "local authorities must not borrow to fund primary yield generating investments". The rationale for this is that it does not constitute the primary purpose of investment and represents unnecessary risk to public funds. It is also to ensure that any commercial investment is consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice. This could restrict any commercial ambitions that the Council may have.

Charging policy

The Council's Fees and Charges Policy clarifies the important role that charging and income generation has in supporting the Medium Term Financial Strategy. It provides a clear and consistent approach to charging across the Council. The Council will charge for services, except where a clear decision is taken not to do so.

In particular, charges should be levied to support Council well-being objectives and to encourage behaviour change of our customers. In certain circumstances the Council may target groups (e.g. those in receipt of means-tested benefits) who would be disadvantaged or would not be able to access the service without a concession. Without certain concessions the Council may not be able to achieve its well-being objectives. Going forward the policy will continue to be reviewed and updated in line with other Council strategies and policies.

Community Asset Transfer

The Council recognises that the current level of subsidy provided to manage and maintain a number of its assets is financially unsustainable and will lead to the inevitable closure of facilities over time unless there is a significant shift to self-management. The status quo position is not sustainable and will lead to significant detriment to future generations. The Council has insufficient funding to consistently invest in them and the condition of many others is critical unless the operating model is changed. The transfer of assets or services to Town and Community Councils,

sports clubs or community groups offers opportunities to maintain and preserve valuable community services which may otherwise be under threat; or alternatively improve the provision that is already available.

Climate Emergency Response

Bridgend County Borough Council declared its own climate emergency in June 2020 and set up its Climate Emergency Response programme. This has a commitment to achieve Net Zero carbon emissions by 2030 across its operations, to respond to the climate emergency declared by Welsh Government in April 2019. In July 2025, Cabinet approved a public consultation for a period of 8 weeks on the revised Net Zero Carbon Strategy. The closing date for the consultation was 12 January 2026. A further report will be presented to Cabinet following the public consultation seeking approval of the revised Strategy.

Statutory versus non-Statutory Services

The Council provides a wide range of statutory services across all of its directorates, in addition to non-statutory services. For some services there is a very grey line between statutory or non-statutory, and it comes down to either scope or amount of provision.

Whilst the Council will focus attention and funding on its statutory services, there are also a wide range of non-statutory services that can be provided which serve as preventative services, reducing longer term costs in line with the principles of the Well-being of Future Generations (Wales) Act 2015. The Council will look to invest to save in these services, investing in the short term for longer term savings.

In addition, the Council will seek to secure the best provider of services to meet the needs of its citizens, whether that be through its own staff or through partnerships with external providers or the Third Sector.

**Bridgend County Borough Council
Civic Offices
Angel Street
BRIDGEND
CF31 4WB**

(01656) 643643