Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**16 JULY 2026**
Report Title:	**DRAFT STATEMENT OF ACCOUNTS 2025-26**
Report Owner: Responsible Chief Officer / Cabinet Member	**CORPORATE DIRECTOR – FINANCE AND TRANSFORMATION**
Responsible Officer:	**NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**There is a legal requirement for the Statement of Accounts to be prepared and authorised by the responsible financial officer prior to submission to Audit Wales to be audited. As the accounts were not completed by 31 May 2026 a notice was published explaining this in accordance with Regulation 10 of the Accounts and Audit (Wales) Regulations 2014.**
Executive Summary:	• **The draft Statement of Accounts for 2025-26 have been completed in accordance with the Accounts and Audit (Wales) Regulations 2014.** • **The draft Accounts are now subject to audit by Audit Wales and it is intended to present for approval the final audited accounts to the Governance and Audit Committee in September 2026.**

1. Purpose of Report

1.1 The purpose of the report is to present to the Governance and Audit Committee the unaudited Statement of Accounts for 2025-26 attached at **Appendix A** for noting.

2. Background

2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 and its content is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code). The Statement of Accounts are complex and must meet a number of requirements as set out in the Code.

2.2 In accordance with these Regulations, the annual unaudited Statement of Accounts are required to be approved and signed by the responsible financial officer by 31 May following the year ending 31 March to which the accounts relate, certifying that they present a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31 July of that year by the

Governance and Audit Committee, in accordance with the Committee's Terms of Reference. If the accounts are not able to be signed and published by this date then the Council must publish a Regulation 10 notice setting out the reasons why.

2.3 Welsh Government has set out its expectations of when the accounts should be published and audited. For the current year the expectation is that the draft accounts will be published by 30 June 2026, and the audited accounts by 31 September 2026. The Council, in following these dates, did not meet the 31 May 2026 deadline and, therefore, in line with the requirements of the Regulations, issued a notice advising of this.

2.4 It should be noted that the Council's draft accounts do not contain figures for 2025-26 of its share of the Cardiff Capital Region City Deal (CCRCD) income, expenditure, assets and liabilities, but we have carried forward figures from 2024-25 into the 2025-26 balance sheet. Draft figures have been received, but officers and Audit Wales agreed the approach undertaken in previous years of presenting the accounts for audit as a Bridgend Council set of accounts, albeit including prior year CCRCD balance sheet figures, and consolidate the full accounts at a later date.

3. Current situation / proposal

3.1 The Council's unaudited Statement of Accounts for the financial year ended 31 March 2026 is attached at **Appendix A**. The Statement of Accounts comprises a number of different statements relating to financial performance and reserves. Whilst the final document will include the Annual Governance Statement (AGS), the AGS is being presented as a separate report to this Committee. The Annual Governance Statement will be signed by the Leader of the Council and Chief Executive once the audit has been completed.

3.2 The unaudited Statement of Accounts 2025-26 was signed by the Corporate Director – Finance and Transformation on 30 June 2026 and provided to Audit Wales also on 30 June 2026 for audit. The accounts were placed on the Council's website as Draft and subject to public inspection for the period 3 August 2026 to 28 August 2026. A date of 1 September 2026 has been set for the external auditor to be available to answer questions from any local government elector or their representative for the area to which the accounts relate. The timescale for completion of the audit, approval of the accounts by the Governance and Audit Committee, sign off by the Auditor General and publication of the final accounts is expected to be 30 September 2026.

3.3 The Accounts include the following core Financial Statements:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

These are produced in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded in cash terms when the budget is set, therefore these statements include items such as depreciation on property, plant and equipment, the estimated cost of the shortfall on the pension scheme and other technical accounting adjustments.

3.4 The Council's net cost of services saw a slight increase year on year from £372.896 million in 2024-25 (including £1.763 million attributable to CCRCD) to £375.728 million in 2025-26. Precepts and Levies payable to Town and Community Councils, Fire and Police services, increased by £2.425 million to £34.723 million. Interest payable on debt and interest on investment income also reduced, which is as expected during a period of falling interest rates, as well as some loans being repaid and refinanced at a lower interest rate.

3.5 The Council's funding increased by £17.987 million for the Welsh Government's Revenue Settlement Grant, and £6.893 million for Council Tax, whilst National Non-Domestic Rates fell slightly year-on-year.

3.6 In terms of the Council's assets, the Council saw the value of its long term assets increase by £28.280 million to £777.028 million as reflected in the Council's Balance Sheet, which combines revaluations and indexation adjustments for the Council's assets during the year. CIPFA introduced new accounting for assets for the year ending 31 March 2026, introducing the concept of cyclical revaluations with indexation in intervening years. This has added a complexity for the current year's valuations, but officers were able to manage this transition to achieve the draft Statement of Accounts within timescales. The Accounting Policy at page 33 of the Statement of Accounts reflects this change. Net current assets (current assets less current liabilities, including cash, debtors, short term investments, creditors and short term borrowing) saw a small movement of £1.474 million.

3.7 Long-term borrowing reduced year-on-year, by £3.178 million, which will include interest owed, and was £92.008 million as at 31 March 2026. This will differ to the figure reported within the Treasury Management Outturn report as, for Treasury Management reporting purposes, any loans of an initial duration of more than 364 days are categorised as long term, even if they are due to be repaid within the next 364 days, and they exclude interest due. For the Statement of Accounts such loans would be moved to short-term.

3.8 Supporting the net assets are the usable and unusable reserves. The Council Fund was increased by £0.278 million at 30 March 2026, whilst earmarked reserves also increased by £6.670 million. This is unlikely to be the trend in future years due to the uncertainty of future Welsh Government settlements. Unusable reserves increased by £25.966 million primarily as a result of movements in asset valuations year-on-year. These are accounting adjustments rather than cash costs and so are not available for use.

3.9 In addition to spending money providing services on a day-to-day basis, the Council also spends money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2025-26 was £44.919 million, with £37.559 million of expenditure slipping into 2026-27.

3.10 There are various notes within the Accounts that provide more detailed information in relation to specific areas of the core Financial Statements. Attached at **Appendix B** is a document prepared by CIPFA – Understanding Local Authority Financial Statements – which may be useful information to members of the Committee to support their role in reviewing the Council's Statement of Accounts.

3.11 The unaudited Statement of Accounts will be reviewed by Audit Wales. A final version of the Accounts will be brought back to the Governance and Audit Committee in September 2026, subject to the completion of the audit, which will need Governance and Audit Committee approval, in accordance with the Accounts and Audit (Wales) Regulations 2014, and to be signed by the Chair of the Governance and Audit Committee.

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

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as development or review of policies, strategies, services and functions. This is an information report therefore it is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change and Nature Implications

6.1 There are no climate change or nature implications as a result of this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no Safeguarding or Corporate Parent implications as a result of this report.

8. Financial Implications

8.1 The Statement of Accounts reflects the financial performance of the Council for the financial year 1 April 2025 to 31 March 2026. The Statement of Accounts are presented for information so there are no direct financial implications arising from this report.

9. Recommendation

9.1 It is recommended that the Governance and Audit Committee notes the unaudited Statement of Accounts 2025-26 at **Appendix A**.

Background documents

None