APPENDIX A

Annual Governance Statement

Contents

1 Foreword

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and to have in place effective governance for securing these requirements.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk. It is necessary that our communities and those that use and pay for services, those who deliver services, and our partners and suppliers, have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for, and that decisions are taken transparently and lawfully.

The Local Government and Elections (Wales) Act 2021 requires councils to undertake an annual assessment of performance, and answer the following questions:

- Is the Council exercising its functions effectively?
- Is the Council using its resources economically, efficiently and effectively?
- Does the Council have effective governance in place for securing the above?

The Council's annual self-assessment has been published and sets out responses to the questions above for the 2024-25 financial year - the self-assessment for 2025-26 will be reported in autumn 2026. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2025-26.

The Cabinet and Corporate Management Team are confident that the governance arrangements operated effectively in supporting the Council in meeting its obligations and responsibilities. There are always opportunities to make improvements, and these are set out within this statement and will be addressed during the forthcoming year.

Cllr John Spanswick
Leader of the Council

Jake Morgan
Chief Executive

2 Governance Framework

What is Corporate Governance?

The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers. Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2026.

It also sets out how the Council has responded to governance issues identified during 2025-26 and actions to be undertaken during 2026-27 following an annual review of the Governance Framework.

The Statement has been prepared in accordance with the 2016 guidance: '*Delivering Good Governance in Local Government Framework*' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

The Council's Governance Responsibilities

The Council must consider the longer-term impact of any decisions it makes and should work collaboratively with other public bodies to improve well-being in Wales.[1]

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- ensuring openness and comprehensive stakeholder engagement.

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. It is reviewed annually and presented to the Governance and Audit Committee for approval and is available on the Council's website.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

	Bridgend County Borough Council Code of Corporate Governance The Council's Governance Principles are based on the following:
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability

The Council's evaluation against these seven principles is detailed in the Code of Corporate Governance, highlighting the actions that demonstrate good governance and the evidence that supports these actions.

[1] Well-being of Future Generations (Wales) Act 2015

The Council's Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use of, and prevent loss of, public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

To review the effectiveness of the governance framework assurances are provided to, and challenged by, the Governance and Audit Committee, Scrutiny Committees, Standards Committee, Council, Cabinet and Corporate Management Team as appropriate. In addition, the Corporate Director – Finance and Transformation promotes and delivers good financial management, and the Monitoring Officer promotes and delivers legal and ethical assurance.

Decision Making and Responsibilities

The Council consists of 51 elected Members with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business and sets out a list of functions and decisions exercisable by officers under delegated powers. It also contains the rules and protocols by which the Council, Members and officers operate.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance and performance and regional working. There are many reforms within the Act, however, in summary the Act introduced:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16- and 17-year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime; and
- Powers to facilitate voluntary mergers of principal councils.

The Act continues to have a wide-ranging impact on the organisation, powers, performance measurement and governance of the Council. From May 2022 the composition of the Governance and Audit Committee changed, and one-third of its members are required to be lay members, including the Chair of the Committee. For the Council, the Governance and Audit Committee comprises 8 elected members and 4 lay members.

3 Corporate Governance Arrangements

Bridgend County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. The arrangements the Council has for Corporate Governance is set out below.

1	Bridgend County Borough Council Code of Corporate Governance	The Council's Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.
2	The Governance Framework	The Council's Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is governed and controlled.
3	The Annual Governance Statement	The Annual Governance Statement provides assurances regarding the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its Code of Corporate Governance. It identifies those areas which have been identified as needing improvement following self-assessment.
4	Annual Governance Statement Action Plan	The Council continues to review the areas for improvement identified within the Governance statement which are monitored through the Annual Governance Statement Action Plan.

4 Governance Assessment

Sources of assurance for the Governance assessment are set out below.

Assurance required	Sources of assurance	Assurances received
Delivery of Corporate Plan priorities	Corporate Plan Directorate Business Plans Service Plans Corporate Performance Framework Corporate Plan Delivery Plan Panel Performance Assessment	Corporate Self-Assessment report
Services are delivered economically, efficiently and effectively	Quarterly Performance monitoring at Cabinet/Corporate Management Team Corporate Overview and Scrutiny Committee	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance and Audit

	Regulatory Tracker.	Committee Audit Wales thematic reviews
Management of risk	Risk Management Framework	Governance and Audit Committee review of risk Audit Wales external challenge
Effectiveness of internal controls	Constitution and Scheme of Delegation, including contract procedure rules and financial procedure rules Strategic Leadership Team – Cabinet & Corporate Management Board	External audit reports Internal audit reports
Community engagement & public accountability	Forward Work Programme Complaints Policy Participation and Engagement Strategy	Community Engagement Feedback Ombudsman Reports
Procurement processes	Contract Procedure Rules	Value for money
Roles & responsibilities of Members & Officers	Head of Paid Service Monitoring Officer & S151 Officer	External Inspections eg Estyn, Audit Wales, Care Inspectorate Wales.
Standards of conduct & behaviour	HR Policies & procedures Members' Code of Conduct Officers' Code of Conduct	Complaints and compliments received
Training & development of Members & Officers	Workforce Plan and Training & Development Plan Member Development Plan	Staff survey Performance Development Reviews – appraisal process
Compliance with laws & regulations, internal policies & procedures	Constitution Council Policies Welsh Language Standards Health & Safety Policy Internal Audit reports Whistleblowing Policy Anti-Fraud and Bribery Strategy Anti Money Laundering Policy Anti-Tax Evasion Policy	External Audit reviews Internal Audit reviews Independent external reviews – Estyn, Care Inspectorate Wales.

Audit Wales have undertaken and reported on a number of reviews during the year, and these have been reported to the Governance and Audit Committee. The key outcomes of the reviews are set out below.

Report	Key outcomes
Arrangements for Commissioning Services (June 2025)	**The purpose of this report was to provide assurance that the Council had in place proper arrangements for commissioning services to secure value for money; that the Council is acting in accordance with the sustainable development principle in commissioning services; and explain how the Council approaches the commissioning of services and inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.** Overall, the audit found that the Council did not have arrangements to assure itself that it consistently secures value for money when it commissions services. It identified a number of points: • Whilst the Council does have in place a commissioning Form, it did not have any corporate arrangements in place earlier in the commissioning process at the stage when the Council would decide if and how it will commission services. • The Council's commissioning arrangements do require a clear definition of the service to be commissioned, but they do not require a clear rationale for the service or the intended outcomes of the service. However, for the services that were examined, the Council had both defined, and explained the need for the service, together with the intended outcomes. • All the services examined had clear monitoring arrangements. • The Council did not have arrangements to ensure that it always conducts a comprehensive options appraisal before commissioning services. • The Council's commissioning arrangements do not require service areas to consider what long term means in the context of different services. • The Council does not have arrangements to consistently ensure that it understands the full costs of commissioned services. • The Council's commissioning arrangements do not consistently ensure that the wider impacts that commissioned services could have are considered as part of the commissioning process where less than £5m. • The Council does not ensure that commissioning decisions are consistently informed by those who will be directly and indirectly affected by commissioned services. The report identified a number of recommendations: **Recommendation 1**: Establish commissioning arrangements **Recommendation 2**: Strengthen compliance with its commissioning arrangements **Recommendation 3**: Introduce regular review of the Council's commissioning arrangements
National Fraud Initiative 2024-25: update for Bridgend County Borough Council	**This report provided an update on the National Fraud Initiative. No specific issues or recommendations were raised for the Council.**
Review of Risk Management (November 2025)	**The report looked at whether the Council's risk management arrangements support it to effectively manage the risks which could prevent it from achieving its strategic objectives.** The report found the following: • The Council has a risk management policy which is underpinned by its Code of Corporate Governance, but its overall risk management culture and systems are underdeveloped. This

	limits its ability to effectively identify, assess and respond to risks, which may impact on the achievement of its well-being and strategic goals. • The Council has made progress in improving risk management with the ownership of risks assigned to the Corporate Management Team (CMT), reflecting a commitment to collective oversight. However there is a lack of capacity to coordinate and drive its risk management arrangements and to support and challenge directorate-level activity. • The Council's arrangements to scan the horizon for emerging threats and opportunities could also be enhanced. While risks are aligned to well-being objectives, this connection could be made more proactive and strategic, helping to drive risk identification rather than being applied retrospectively. Clarifying individual accountability within the current collective ownership model would also help reinforce responsibility and transparency. The report made a couple of recommendations: **Recommendation 1**: strengthen its risk management culture **Recommendation 2**: improve processes that enable it to identify, manage, monitor, and challenge its risks **Recommendation 3**: evaluate the effectiveness of its risk management arrangements
Planning and Development Service (November 2025)	**The purpose of the review was to look at whether the Council supports the Planning and Development Service to deliver value for money in the use of its resources, focusing on Strategic Planning Policy within the Planning and Development Service.** The review found that the Council has limited recognition and understanding of the important role the service has in supporting its priorities. There are weaknesses in the management of resources and risk to support the service. The service lacks a service plan and there is limited understanding and oversight of the service's performance. The Council has comprehensive arrangements supporting its Development Control committee. The report made 4 recommendations: **Recommendation 1**: The Council should demonstrate it understands the resource requirements of the Planning and Development service based on its demands and capacity to help inform resourcing decisions **Recommendation 2**: The Council should ensure the service identifies, manages and monitors its risks to help the Council understand how service risks may impact delivery of the service's responsibilities and the Council's priorities set out in its Corporate Plan. **Recommendation 3**: The Council should comply with its Performance Management Framework and ensure the Planning and Development service has a service plan. **Recommendation 4**: The Council should ensure it manages, monitors and reports the activity and performance of the Planning and Development Service.

All recommendations are actively monitored and progress reported to the Governance and Audit Committee during the year as part of a regulatory recommendations tracker. All reports are available on the Council's website.

Managing Risk

The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Business Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its well-being objectives;
- provide services as planned; or
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.'

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are included in the Corporate Risk Assessment. The Council has seen increasing uncertainty and risk, particularly in relation to the current economic climate and the financial challenges the Council faces. The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Governance and Audit Committee. It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

The Council has in place Risk Management policies and guidance used by all departments. This enables staff to identify risks, prioritise them and implement actions to mitigate them, in a consistent and timely manner. Directorate Business Plans have been revised to ensure that processes and actions are aligned with the corporate risk management process.

The Council is reviewing its risk management appetite as part of the development of a transformation programme. This is being done with elected members and officers across the Council. As part of the review of risk recording, the Council will clearly define its risks, mitigating actions and the outcome the Council wishes to achieve. The Council will also share good practice across Council services and will also look to review good practice from elsewhere to implement where appropriate.

The Council identifies and manages risk with partners through various partnerships arrangements. The Council will review how it captures this information and reflects it where appropriate within the Council's Corporate Risk Assessment.

Changes at a corporate level places risk upon the Council. A new Chief Executive has been appointed and took up his role in July 2025.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools, and the scheme of delegation of functions also provides the framework for financial control. The Corporate Director – Finance and Transformation is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of uncertain funding levels and cost pressures, the ongoing impact of the cost-of-living crisis, the ongoing conflict in the Ukraine and more recently the conflict in the Middle East. The Council estimates that it will need to generate approximately £40 million of savings over the period 2026-27 to 2029-30. The Medium-Term Financial Strategy has taken account of known cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. The late notification of the provisional local government settlement meant a shorter than usual 'Shaping Bridgend's Future 2026' consultation but provided the public the opportunity to make a contribution to the development of the Medium Term Financial Strategy between 7 – 27 January 2026. 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 to have an input into the consultation process. The results from the consultations were collated and used to further inform final decisions on the Medium Term Financial Strategy. The Medium Term Financial Strategy can be found on the Council's website here. Welsh Government has given no indication of funding levels for future years. Given this uncertainty, the Council has developed detailed budgets for 2026-27 but can only make assumptions for future years based on a range of funding scenarios.

The Council has in place robust arrangements for effective financial control through the Council's accounting procedures, key financial systems and the Financial Procedure Rules. Arrangements in place to demonstrate good financial control include established budget planning procedures and regular budget monitoring reports to Cabinet and Corporate Overview and Scrutiny Committee, as well as detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Compliance with the CIFPA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA stated that the Annual Governance Statement should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan. The Regional Internal Audit Service undertook a review of the Council's compliance with the FM Code during 2024-25 and provided an audit opinion of Substantial Assurance, and that a number of strengths and areas of good practice were evident.

The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2025-26 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2026-27:

- Update the Socially Responsible Procurement Strategy
- Review of Commissioning Arrangements, and production of good practice guidelines to ensure

standardisation across the Council
- Review and update the Financial Scheme for Schools, in line with The School Funding Budget Statements and Outturn Statements (Wales) Regulations 2026
- Provide additional training to the Governance and Audit Committee, Council and schools/governors as required on financial topics
- Continue to develop budget reduction proposals for the full life of the Medium Term Financial Strategy and detailed monitoring of achievement of existing reductions
- Develop and implement invest to save projects to contribute to the Council's longer term financial stability
- Put in place measures to respond to Audit Wales' review of Risk Management Recommendations
- Update the Council's Asset Management Plan
- To improve and widen the reach of the budget consultation process to ensure more meaningful and specific responses
- Continue to meet the Welsh Government expectations for the closing of accounts and achieve completion of the audited and approved accounts 2025-26 by 30 September 2026

The Council will actively progress the above actions and will provide updates during the year to the Governance and Audit Committee on progress.

5 Audit Assurance

Audit and Audit Assurances

The Council is audited externally by the Auditor General for Wales, supported by Audit Wales. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.

The Council's internal audit is undertaken by the Regional Internal Audit Service, a partnership service between Bridgend County Borough Council, Merthyr Tydfil County Borough Council, hosted by the Vale of Glamorgan Council.

In 2025 the External Auditor gave an unqualified audit opinion on the financial statements for 2024-25. Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. In addition, Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

Internal Audit is a statutory requirement within Local Government.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025-26 is:

"Reasonable Assurance"

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. 92% of the agreed plan has been achieved indicating good internal audit coverage across all service areas. The weaknesses that have been identified are service specific. Audit opinions have been presented to Governance and Audit Committee throughout the year as summarised below.

Audit Opinion	Number	%
Substantial assurance	14	33
Reasonable assurance	26	62
Limited assurance	2	5
No assurance	0	0
Total	**42**	**100**

95% of Internal Audit opinions issued were positive which provided a good level of assurance on the effectiveness of the control environment; there were no' *No Assurance'* opinions issued.

All of the 4 audits that were deferred from 2024-25 have been completed. There are 2 planned audits ongoing at the end of 2025-26 and a further 3 have been deferred to the 2026-27 audit plan. All recommendations made to improve governance, risk management and control during 2025-26 have been accepted by operational management and are at various stages of implementation. Progress on implementation of agreed Internal Audit recommendations and the progress of completion of the Internal Audit Plan was reported quarterly to Governance and Audit Committee.

Internal Audit's overall opinion of Risk Management was Limited Assurance. In response to this the Council has recognised this as a key action during 2026-27 as set out in section 6.2 below.

The Governance and Audit Committee also receives a regulatory tracker twice-yearly. This was introduced to cover all regulators and all completed inspections and their recommendations for the Council. The tracker focuses on amber and red rated recommendations, being adequate and unsatisfactory rated recommendations, whilst the Subject and Overview Scrutiny Committees receive the report to include all recommendations irrespective of rating.

Panel Performance Assessment

The Council was subject to a Panel Performance Assessment (PPA) in September 2025 as required by the Local Government and Elections (Wales) Act 2021. The PPA has to set out conclusions on whether the Council met the 'performance requirements' during that year, and actions needed to improve.

The performance requirements focus on:

- Is the Council exercising its functions effectively?
- Is the Council using its resources economically, efficiently and effectively?
- Is the Council's governance strong?

In addition to these statutory areas, the Corporate Management Team and Cabinet agreed three further areas for review:

- **Transformation** – the development of a transformation strategy that meets political and key stakeholder aspirations is underpinned by effective arrangements for the delivery, performance management and a culture of constructive challenge. A clear need to focus on mechanisms and capacity for transformation that will improve citizens experience and create and organisation that is sustainable in the medium and long term.

- **Addressing workforce challenges** – building on strengthened workforce planning, address challenges in recruitment in key areas, and improve succession planning, to help the Council create a long-term workforce strategy.
- **Improving engagement** – building on improvements to strategic communication, improve the Council's engagement and relationships internally with councillors and externally with local communities and town and community councils to help it become more citizen focussed.

The key findings of the review were:

Bridgend is a good Council with untapped potential. The political and managerial leadership is ambitious for the whole County, and they have the full support of a dedicated and enthusiastic workforce. The staff are deeply committed to the Council and the communities it services, demonstrating a high level of self-awareness and a shared understanding of both the Council's strengths and the challenges ahead.

The Council has already demonstrated its capability with impressive turnarounds in key areas, particularly Children's Services, and is well positioned to build on this success for the benefit of the wider Council. The assessment findings show that Bridgend is ready and ambitious for change and has a positive outlook on its future.

The Council is, however, 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 ensure it can sustain services and continue to deliver for its communities for years to come.

Recurrent funding has been made available in the 2026-27 revenue budget to support the transformation of the Council.

6 Improving Governance

A number of significant issues were identified in the Council's 2024-25 Annual Governance Statement. The progress made on the significant issues is shown below:

6.1 Progress on issues raised in 2024-25 that were addressed in 2025-26

Issue	Governance Principle	What the issue was	Outcome of actions taken
Value for Money	G	Update the Socially Responsible Procurement Strategy	The implementation of the Procurement Act was delayed until February 2025. The delay in the new Act and embedding this into the strategy has taken time. There have been further updates and requirements that had delayed the completion of the strategy. A further review is underway, and the updated strategy will be presented to Cabinet this year.
Waste	E	Transfer of Waste Service back to Council	Steady progress continues with the insourcing of Waste back into the Council. In-house project management teams have now taken over the on-going monitoring and monthly reports to board. An independent consultancy is still being utilised on the project for technical areas of expertise, such as cost analysis, sector tender review and waste management license transfer.
Financial Management and Sustainability	E	Provide additional training to full Council and Governance and Audit Committee Members as required on Budget Management, Capital Strategy, Treasury Management and Earmarked Reserves.	Training has been provided to all Governance and Audit Committee members on the purpose and terms of reference of the Committee, role of Audit Wales, Internal Audit and lay members; training has also been provided on Fraud. Briefings have been provided on the budget to individual political groups. School governor training is provided termly and a professional development session on Managing a Deficit Budget was held in June 2025 for headteachers, governors and school finance officers.
Monitoring Financial Performance	E	A full review of Budget Research and Evaluation	A report was presented to Corporate Overview and Scrutiny

Issue	Governance Principle	What the issue was	Outcome of actions taken
		Panel (BREP), including its terms of reference, is undertaken at the start of the financial year.	Committee (COSC) in April 2025, and a further report in July 2025, outlining proposals for a new Scrutiny Budget Working Group, to replace the previous Budget Research and Evaluation Panel. The reports outlined the structure and terms of reference of the new Working Group, and proposals for how this would be taken forward. Since July 2025 there have been meetings of the full working group, the steering group and deep dive panels into specific services. The working group presented its recommendations to Cabinet in December 2025 and these were considered by Cabinet in developing the final budget proposals for presentation to Council in February 2026. In addition, COSC led on scrutiny of the draft budget and also presented its finding to Cabinet in advance of the final budget proposals.
School finances	F	There is an increase in the financial fragility of schools in the Borough and schools having to use their balances to fund activity with an increased risk of schools going into deficit.	All schools that set budgets with projected deficits of more than 5% of their delegated funding were required to submit deficit recovery plans for approval by the Corporate Director of Education, Early Years and Young People and the Corporate Director - Finance and Transformation. These recovery plans showed a return to a break even or surplus position within the maximum five-year period. The Finance Team has closely monitored schools' budgets throughout the financial year, and projected balances have regularly been reported and discussed at Performance and Financial Monitoring (PFM) Board meetings. School projected balances are reported quarterly to Cabinet, by sector, and at the termly School Budget Forum meetings. All headteachers and chairs of governors of schools with approved deficit recovery plans in place attended termly support and review meetings.
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Whilst there has been success in certain areas, particularly Children's

Issue	Governance Principle	What the issue was	Outcome of actions taken
			Social Work, there continues to be challenges in certain occupational areas. The Council continues to work locally, regionally and nationally to develop solutions through national networks as well as looking to more local solutions.

6.2 Issues raised in 2025-26 that will be addressed in 2026-27

Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2025-26 will be addressed in 2026-27 with the links to the **Governance Principles** on page 94:

Issue	Governance Principle	What is the issue	Proposed actions to address issue
Change Management Governance	D	Ensuring the transformation across the Council has sound governance arrangements in place to agree priorities and to monitor progress	The agreed revenue budget for 2025-26 included funding to support transformation activity across the Council. Work to be undertaken during the year includes: • Reviewing the programme and project management capacity required to meet the priority areas for change • Develop and implement a governance structure for the transformation programme to agreement of a governance board and project boards, priorities for action, monitoring of the agreed programme and exception reporting
Risk Management	F	To address the issues raised in an Audit Wales review to ensure the identification and management of risk is robust	Work to be undertaken during the year includes: • A review of the current risk identification and management processes at a corporate level • To review and agree the risk appetite across the Council • A review of the training available for officers

Issue	Governance Principle	What is the issue	Proposed actions to address issue
System Development and Change	D	To manage and ensure the safe implementation of major new software systems, the safe introduction of Artificial Intelligence for services and protect the Council from a cyber-attack.	Work to be undertaken during the year includes: • Employing project officers to assist in the implementation of key software systems • Employing an officer to take the lead on cyber security issues for the Council • Ensure regular updates to software to mitigate the risk of Cyber attack • Ensure Artificial Intelligence and digital developments take full account of cyber risks and mitigate them where possible
Oversight and governance of delegated budgets	F	Increasing school budget deficits may impact on the ability of schools to deliver and may result in financial pressure for the Council as a whole.	During 2026–27: • Work will be done with schools to ensure budget deficit plans are robust and are managed • No new budget savings are expected from the schools • Ensure projected balances are reported as part of the quarterly budget reports to Cabinet • Work with schools to share good practice and budget initiatives

These issues will be monitored via a detailed action plan during 2026-27, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Team and to the Governance and Audit Committee.

7 Assurance Statement

Governance arrangements have effectively supported the Council through the reporting period. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are put in place and monitored. Based on this, subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

____ Date: 2026
Leader

____ Date: 2026
Chief Executive

Picture back cover: Bridgend Town