



Statement of Accounts 2025/26



Rhondda Cynon Taf County Borough Council
Statement of Accounts 2025/26

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Narrative Report

1. Introduction

Rhondda Cynon Taf is one of twenty-two local authorities in Wales with a population of 242,844 (2024 mid-year estimate), serving an area in the South Wales Valleys covering 424 square kilometres, stretching from the Bannau Brycheiniog National Park in the north to the Capital City of Cardiff in the south.

The accounts for 2025/26 have been prepared in accordance with:

- Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 based on International Financial Reporting Standards (IFRS).
- Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 1 to 181 comply with the above.

2. Welsh Government Funding

On the 20th February 2025, the Cabinet Secretary for Housing and local Government (Jayne Bryant AS/MS) announced the final 2025/26 Local Government Settlement. This included an overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates funding of 4.5%, with an increase for Rhondda Cynon Taf of 4.8%. Council officers and Members continue to take their fiduciary duty extremely seriously and this has been demonstrated by the setting of prudent, equitable and fair budgets. The financial results and position demonstrated in this Statement of Accounts reflect sound financial stewardship.

3. General Fund Reserves

The Council's 2026/27 Revenue Budget Strategy provides an update to the minimum level of General Fund Reserves, previously recommended at £10m by the Deputy Chief Executive and Group Director – Corporate Resources (Section 151 Officer). Given the continuing financial pressures the Council is working under, it is the view of the Deputy Chief Executive and Group Director - Corporate Resources that we should maintain the £1m base budget for the period of our current Medium Term Financial Plan (that is, up to and including financial year 2028/29) which will enable us to proportionately step up our level of General Fund Reserves and that we should seek to maintain a minimum level going forward of £12.5m (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.

During financial year 2024/25, the General Fund Reserves were used to support our residents and businesses for recovery actions and targeted resilience following Storm Bert in November 2024.

4. **Medium Term Financial Plan (MTFP) 2025/26 to 2028/29**

The Council's latest Medium Term Financial Plan 2025/26 to 2028/29 was reported to Council on 24th September 2025 and gave an update on the current modelling assumptions in advance of formulating the detailed budget strategy proposals for 2026/27.

The Public Sector has faced a sustained period of real term reductions in funding levels for a number of years and, looking ahead, the picture for local government over the medium term remains challenging. Forecasted difficult economic conditions, the on-going impacts of the pandemic and cost-of-living pressures on both household and local authority budgets are resulting in sustained increases in demand and costs associated with many Council services, in particular Social Care Services.

Locally, this Council has demonstrated its ability and willingness to invest in services over a long-term period in line with the priorities set out in the Corporate Plan "[Working with our Communities 2024 - 2030](#)" in order to meet the changing needs of our residents and communities. The significant 'additional' investment already agreed by Members during recent years is providing real improvements across many areas including Schools, Town Centres, Roads and Highway Infrastructure, Parks and Play Areas, alongside a number of packages of financial support, funded by the Council and Welsh Government, to help families and businesses through the cost-of- living crisis.

Whilst investment through the use of one-off funds has been very positive, the Council recognises that it must still address projected base budget shortfalls and make difficult decisions to balance its ongoing revenue budget into the medium term. The MTFP report provides an updated view on the range and scale of the significant challenge faced and the arrangements being put in place to address the budget gap across the planning period. This follows on from the previous three financial years where the Council needed to address the most significant budget gaps it has ever faced, these being £38m for 2023/24, £36m for 2024/25 and £36m for 2025/26.

Members will note the UK Government published its Spending Review 2025 on 11th June 2025 which set departmental budgets for day-to-day spending until 2028/29, capital investment until 2029/30 and devolved government block grants for the same period. The Wales Governance Centre (Wales Fiscal Analysis) published an update on the implications for Wales, which concluded that mirroring the UK Government's plan for NHS funding at +3% per year, would leave funding for other services at best flat in real terms. Capital funding will be 3.6% lower in 2029/30 than in 2025/26.

The Welsh Government Cabinet Secretary for Finance and Welsh Language provided the Senedd with an update, on 1st July 2025, on the Welsh Government's preparations for the 2026/27 budget. As part of the update, the

Cabinet Secretary indicated that a single year budget would be presented for 2026/27 to ensure the next Senedd has the best possible start to carry out its work and to make an early start on aligning budgets with priorities and the development of a new programme for government. This approach will mean 2026/27 will be a business-as-usual budget, with current year spending plans (2025/26) increased by inflation only, with the Cabinet Secretary being open to the opportunity of working with other political parties who believe a more ambitious budget could be agreed and, if so, to work together to discuss shared priorities.

5. Impact of Major Events - Response to Extreme Weather

The Flood and Water Management Act 2010 was introduced following a review of the flooding that was widespread across the UK. Under this legislation the Council became a Lead Local Flood Authority (LLFA) and has a duty to develop, maintain, apply and monitor a strategy for local flood risk management. The [current Strategy](#) was produced in March 2024.

The 13 local objectives of the strategy align with the 5 national objectives detailed below:

- Improving understanding and communication of risk;
- Preparedness and building resilience;
- Prioritising investment to the most at risk communities;
- Preventing more people becoming exposed risk; and
- Providing an effective and sustained response to events.

The identified objectives will be delivered through the implementation of a wide range of measures categorised under the following 6 high level themes:

- Development planning and adaptation;
- Flood awareness, preparedness & response;
- Studies, assessments and plans;
- Land, cultural and environmental management;
- Asset management and maintenance; and
- Monitoring of the local flood risk issue.

As the LLFA, the Council is required to produce Section 19 reports where more than 20 properties within an area have been impacted by internal flooding. During 2025, 5 Flood Investigation Areas (FIA) were progressed into Section 19 reports. These were prepared and published to provide a comprehensive account of the flood event, its impact and the flood risk management functions exercised and proposed to be exercised by the Council. An update of the Council's Storm Bert Section 19 reports were considered by [Overview and Scrutiny committee 20th October 2025](#).

6. Local Development Plan

The Council is revising the Local Development Plan which covers the period 2022-2037. The revised plan will build on the existing plan and will have a significant role to play in shaping the County Borough to ensure that it grows in a sustainable manner, whilst meeting community needs. It will be the statutory land-use planning document and will set out the amount and location of new development as well as being the basis for future development management decisions (planning applications). The Revised LDP (RLDP) should seek to:

- Have a clear and deliverable vision, based on sound place-making principles, embedded into local policy to facilitate sustainable development;
- Provide a coherent strategy that reflects the aspirations of the Council, key stakeholders and our communities;
- Facilitate growth in settlements that have identified capacity, in line with the Settlement Hierarchy;
- Identify areas that can accommodate infrastructure and employment/housing provision, whilst simultaneously protecting RCT's distinctive built and natural environments;
- Facilitate, in land-use terms, the objectives of the Well-Being of Future Generations (Wales) Act, the National Sustainable Place-making Outcomes, the Council's Corporate Plan and the Cwm Taf Morgannwg Well-Being Plan;
- Utilise national policy, plans and guidance, particularly Planning Policy Wales and Future Wales, to provide a robust framework for development within RCT, which defines the role and function of places; and
- Identify how RCT will change and develop over the lifetime of the RLDP (to 2037).

The current LDP has a plan period of 2006 to 2021, with the RLDP for the period 2022 to 2037. However, the current LDP remains in force until the RLDP is adopted.

7. The Council's Corporate Planning Arrangements

For 2025/26 the Council's Corporate Plan 2024-2030 was the key strategic plan, focusing on 4 Well-being objectives:

- People and communities – Supporting and empowering RCT residents and communities to live safe, healthy and fulfilling lives;
- Work and Business – Helping to strengthen and grow RCT's economy;
- Nature and the environment – A green and clean RCT that improves and protects RCT's environment and nature; and
- Culture, Heritage and Welsh Language – Recognising and celebrating RCT's past, present and future.

The delivery of the above priorities is underpinned by applying the 5 ways of working:

- Involving local people, a range of stakeholders and Councillors in shaping the plan;
- Working with others to implement the plan;
- Looking ahead at the challenges and opportunities;
- Integration, to consider the work of other organisations to complement the plan; and
- Preventing problems from occurring or getting worse across each of the well-being objectives.

The Corporate Plan also provides the framework that will guide and shape what we do, direct how and where we spend our budgets, manage, and mitigate strategic risks and inform how we train and develop our staff and Councillors to meet current and future challenges.

During 2025/26, the Council's Cabinet received progress updates on the delivery of the four Corporate Plan Well-being objectives, these being reported as part of the Council's quarterly performance reporting arrangements and Cabinet confirmed that they were satisfied with the progress made. Following this, the Performance Reports were reported to the Council's Overview and Scrutiny Committee for review and challenge.

The Council also approved its 'Annual Self-Assessment 2024/25 in [September 2025](#), following review by the Governance and Audit Committee and in line with the Local Government and Election (Wales) Act 2021 for each Council in Wales to keep under review the extent to which it is meeting the performance requirements of: exercising its functions effectively; using resources economically, efficiently and effectively; and governance is effective for securing the aforementioned requirements. The Annual Self-Assessment also set out the Council's work to meet the requirements of the Well-Being of Future Generations Act sustainable development principle.

Approximately every 5 years each Local Authority in Wales undertakes a Panel Performance Assessment. This assessment is a sector-led review of how well the Council is meeting its performance requirements. The Council's first Panel Assessment was undertaken in October 2025 and was considered by full Council on [28th January 2026](#). *'Overall, the panel concluded that Rhondda Cynon Taf is a good, well run and ambitious Council, focused on improving the lives of its citizens. The Council demonstrated that it has a strong track record of delivery underpinned by an ethos of continuous improvement. The Council is working to better understand the impact and outcomes of its work, moving from a service-focused approach to one which is person-centred, and which will help to deliver its ambition to strengthen communities' resilience. The panel further concluded that the Council is exercising the functions against the performance duties within the Local Government and Elections Act 2021'.*

The Council also continued its commitment to a strategic capital investment programme:

- The redevelopment of key sites in the Southern Gateway Quarter in Pontypridd town centre including the completion of the redevelopment of the former M&S, Burton and Dorothy Perkins site and continuing redevelopment of the 'Tesco Block' of properties. Proposals for redevelopment will continue to be progressed for the Northern Gateway of the town following acquisition of the Police station building;
- Townscape Enhancements and property improvements across our key town centres – a targeted approach to acquiring, redeveloping and upgrading town centre buildings for increased business and commercial use and continuing to improve the quality of the townscape providing increased private sector investment and employment growth. This will be supported by the development and delivery of strategies and placemaking plans for our key town centres, including beginning the delivery phase of the newly adopted Tonypany Town Centre Strategy;
- Plans and detailed designs have been agreed to redevelop the Rock Grounds Buildings and are being brought forward for delivery as part of the Aberdare Town Centre Strategy; and
- Sources of investment available post the UK Government Shared Prosperity Fund Programme are being assessed and developed to bring forward priority projects. These sources include the continuing Welsh Government Transforming Towns Grant Programme, UK Government Pride In Place Programme and Impact Fund, the potential UK Government Local Growth Fund and the National Heritage Lottery Fund.

The Cwm Taf Morgannwg Public Services Board is a Joint Board comprising a collection of public bodies working together to improve the cultural, economic, environmental and social well-being of people who live, work and visit the Cwm Taf Morgannwg areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil. Alongside this, a Well-being Plan for the period 2023 – 2028 was approved by Rhondda Cynon Taf Council, as one of the statutory partners, on [29th March 2023](#).

The Cwm Taf Morgannwg Well-being Objectives 2023 – 2028 are:

- Healthy local neighbourhoods; and
- Sustainable and resilient local neighbourhoods.

The objectives set out in the Council's Corporate Plan and the Cwm Taf Morgannwg Well-being Plan will help the Council and Cwm Taf Morgannwg Public Services Board to contribute to the seven national Well-being goals, as set out in the Well-being of Future Generations Act:

- A globally responsible Wales;
- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;
- A Wales of cohesive communities; and
- A Wales of vibrant culture and thriving Welsh Language.

8. **Explanation of Core Financial Statements**

The Statement of Accounts that follow this Narrative Report contains the following Core Financial Statements:

- **Movement in Reserves Statement (MiRS)** – analyses the movement in usable and unusable reserves.
- **Comprehensive Income and Expenditure Statement (CI&ES)** – reflects income and expenditure in accordance with IFRS and is analysed into service areas which reflect the way in which services operate and performance is managed.
- **Balance Sheet** – reflects all assets, liabilities and reserves of the Council as at the end of the financial year.
- **Cash Flow Statement** – analyses the movement in cash and cash equivalents for the year.

In the financial statements for 2025/26, two joint committees are consolidated:

- Central South Consortium Joint Education Service Joint Committee (CSCJES) to 31st August 2025; and
- South East Wales Corporate Joint Committee (SEWCJC).

Group Accounts - Amgen Cymru Ltd. and Amgen Rhondda Ltd have been identified as group companies and have been consolidated into the group financial statements. Based on materiality, the associate company (WSP Glamorgan Consultancy Ltd.) is not consolidated. Subsidiary companies are consolidated into the group statements using the acquisition method.

Annual Governance Statement – this is included within the Statement of Accounts. This statement details the Council's governance arrangements together with a review of their effectiveness.

9. **Revenue Income and Expenditure 2025/26**

The Comprehensive Income and Expenditure Statement provides an analysis of the Council's gross revenue expenditure and income in accordance with IFRS.

The broad objectives of [The Council's 2025/26 Revenue Budget Strategy](#) were to:

- Support the delivery of our key strategic priorities;
- Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
- Continue with the delivery of our key services and protect as many local jobs as possible whilst continuing to maximise efficiency; and
- Take a responsible approach to the level of Council Tax.

The Council's services were organised via four groups up to 31st October 2025:

- **Chief Executive** - Providing the authority wide functions of Human Resources, Legal and Democratic Services; the frontline services of Regeneration, Housing, Planning Services, Housing Benefits and Council Tax administration; and key support services of Corporate Estates and Procurement.
- **Finance, Digital & Frontline Services** - Providing Finance and Digital Services together with the frontline services of Highways; Transportation; Strategic Projects; Streetcare (including Waste and Street Cleansing); and Parks Services.
- **Education & Inclusion Services** - Providing support services to children and their families via a range of service areas. These include Schools; Access and Inclusion; School Admissions; School Governance; Attendance and Wellbeing; Sustainable Communities for Learning; Asset, Systems and Data Management; Music; Catering Services; Childcare and Early Years; School Improvement, including the commissioned services provided by CSCJES.
- **Community & Children's Services** - Providing Adult Services (Community Care Services and Health and Social Care Services); Children's Services; Community Housing Services; Public Health & Protection; Leisure, Countryside and Cultural Services (including Theatres); Visitor Attractions & Heritage; Community Learning Services; Libraries; Welsh Language Services; Youth Engagement & Participation; and Employment Programmes.

From 1st November 2025 a revised directorate structure was agreed:

- **Chief Executive and Corporate Resources** - Providing the authority wide functions of the Chief Executive's Office; Financial Services, Transformation and Asset Planning; ICT and Digital Services; Pensions, Procurement and Transactional Services; and Corporate Estates, Design and Maintenance.
- **Social Services** - Providing Adult and Children Services.
- **Community Services** - Providing Public Protection; Culture Leisure and Visitor Experience; and Early Help and Community Programmes.
- **Housing and Regeneration** - Providing Housing Services; Regeneration; and Planning.
- **Human Resources** - Providing Organisational Development and Employee Relations.
- **Legal and Democratic Services** - Providing Legal Services; Electoral Services; Democratic Services; and Welsh Language and Communications.

- **Education and Inclusion Services** - Providing School Improvement; Access and Inclusion; School Modernisation; Catering and Cleaning; Nursery; Attendance and Wellbeing; Transformation, Data and Information Systems; and Governance and Admissions.
- **Environmental Services** - Providing Highways and Engineering Services; Public Services; and Integrated Transport.

The following table details each of the service groups' actual net expenditure and budget during 2025/26. Further details are published on the Council's website within the year-end Performance Report for 2025/26.

This represents the net revenue expenditure of the Council in line with the statutory provisions that need to be taken into account when setting local taxes.

The variance against budget contributes to the movement on the Council Fund Balance:

Service Group	Budget	Spend	Variance Under/(Over) Spend
	£'000	£'000	£'000
Chief Executive's Office	469	467	2
Corporate Resources	26,348	26,369	(21)
Community Services	18,040	17,696	344
Education and Inclusion Services	249,494	249,365	129
Environmental Services	74,428	74,254	174
Housing and Regeneration Services	5,769	5,596	173
Human Resources	4,361	4,351	10
Legal and Democratic Services	7,205	7,151	54
Social Services	202,718	204,891	(2,173)
Sub Total	588,832	590,140	(1,308)
Authority Wide Budgets	79,347	79,272	75
Sub Total	668,179	669,412	(1,233)
Utilisation of Welsh Government Funding			1,175
Total			(58)

	£'000
Council Fund Balance as at 31st March 2025	9,240
Contribution from Revenue Base Budget	1,000
	10,240
In Year Net Overspend	(58)
Council Fund Balance as at 31st March 2026	10,182

Expenditure on services amounted to £957m and this can be analysed over the following expenditure categories:

Type of Expenditure	£'m	%
Employees	433	45
Premises	39	4
Transport	26	3
Supplies and Services	96	10
Payments to Third Parties	205	21
Transfer Payments	67	7
Capital Charges	87	9
Other Operating Costs (e.g. Support Services)	4	1
Total Gross Expenditure	957	100

Income during the year totalled £1,121m and came from the following sources:

Income Analysis	£'m	%
Direct Service Income		
Specific Grants	231	20
Sales, Fees & Charges	42	4
Other Income	47	4
Sub-Total Direct Service Income	320	28
Other Income		
Council Tax	178	16
Non-Domestic Rates	86	8
Non-Ringfenced Government Grants	440	39
Capital Grants and Contributions	95	8
Other	2	1
Total Income	1,121	100

10. Capital Expenditure and Income 2025/26

During the year the Council incurred £138.411m of capital expenditure, as summarised below:

Group	£'000
Community Services	3,427
Corporate Resources	12,581
Education & Inclusion Services	49,502
Environmental Services	43,659
Housing & Regeneration	23,197
Social Services	6,045
Total	138,411

The type of capital expenditure incurred during the year is summarised below:

Capital Expenditure	£'000
Tangible Long-Term Assets	112,253
Intangible Long-Term Assets	4,360
Revenue Expenditure Funded from Capital under Statute	21,798
Total	138,411

The above table excludes finance leases and the Mutual Investment Model (MIM).

This capital expenditure was financed as follows:

Capital Financing	£'000
Revenue Funding	19,902
Capital Development Fund	2,714
General Fund Capital Resources	280
Borrowing	13,837
Grants	100,115
Third Party Contributions	1,563
Total	138,411

Significant expenditure was incurred on:

- Coed Ely Solar Farm
- Ysgol Glyn-Coch
- Ysgol Cambrian (New Special School)
- Highway Improvements
- Tips & Safety
- Transportation and Travel Schemes
- Flood Risk Management
- Disabled Facilities Grants/Adaptations (DFG)
- National Empty Homes Grant Scheme
- Modernisation Programme (Adults).

11. Summary of Future Capital and Revenue Plans

The well-being objectives included within the Council's Corporate Plan 2024 – 2030 “Working With Our Communities” need to be underpinned by robust financial management. Forward looking financial and service planning arrangements are critical in ensuring the Council's objectives are affordable and lead the work to become more efficient, transform services and deliver investment priorities.

Capital and revenue budgets are approved annually by full Council. The Capital Programme is approved for a rolling 3-year period and updated annually. Revenue budgets are set annually in line with the Welsh Government settlement announcements.

A summary of the Capital Programme 2026/27-2028/29 agreed by Council in March 2026 is as follows:

Group Expenditure	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000
Community Services	4,412	540	540	5,492
Corporate Resources	4,517	2,585	2,585	9,687
Education & Inclusion Services	38,611	4,168	2,860	45,639
Environmental Services	52,228	17,049	5,615	74,892
Housing & Regeneration	26,141	8,318	12,965	47,424
Social Services	4,899	2,260	260	7,419
Total	130,808	34,920	24,825	190,553

Estimated resources required to fund the future Capital Programme are:

Estimated Resources Required to Fund Capital Programme	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000
Supported Borrowing	6,936	6,936	6,936	20,808
Unsupported Borrowing	2,591	0	0	2,591
Local Government Borrowing Initiative (Highways Investment)	3,013	0	0	3,013
Capital Grants	60,175	14,664	12,008	86,847
Third Party Contributions	536	0	0	536
General Fund Capital Resources	6,827	600	5,715	13,142
Revenue Contributions	50,730	12,720	166	63,616
Total	130,808	34,920	24,825	190,553

As at 31st March 2026, major capital commitments over the next three years (per the Capital Programme 2026-2029) include the following schemes:

Scheme	£'000
School Modernisation	7,503
Cardiff Capital Region City Deal	8,172
Disabled Facilities Grants/Adaptations (DFG)	11,625
National Empty Homes Grant Scheme	10,600
Highway Improvements	8,490
Structures	12,615
Transportation Infrastructure	16,046
Tips & Safety	19,504
Fleet Services	10,212
Ysgol Gynradd Glyn-Coch	8,680
Ysgol Cambrian (New Special School)	13,758
Modernisation Programme (Adults)	6,924

A summary of the Council's revenue budget for 2026/27 (agreed in March 2026) is outlined below:

Service Area	£'000
Authority Wide Budgets	83,910
Individual Schools Budget	224,338
Chief Executive's Office	465
Education and Inclusion Services	38,716
Human Resources	4,472
Corporate Resources	26,987
Housing and Regeneration Services	5,894
Legal and Democratic Services	7,456
Environmental Services	79,984
Community Services	19,085
Social Services	218,328
Total	709,635

12. **Borrowing Arrangements and Sources of Funds**

Each year, in accordance with the Local Government Act 2003 and the Prudential Code, the Council is required to set limits in relation to borrowing and to set various other prudential and treasury indicators.

The limit set at the start of the financial year was as follows:

The Authorised borrowing limit approved at the start of the year was £594.0m.

The Council's actual borrowing totals £327.6m, of which £314.0m is long-term and £13.6m is short-term. This external borrowing is from the Public Works Loan Board (PWLb) £187.1m, £85.5m from market loans and £55.0m from other long-term liabilities. These borrowing figures do not match the Balance Sheet as the figures in the Statement of Accounts include the adjustment for fair value, as required by the Code of Practice.

The Council is required to prepare a Treasury Management Strategy and a Capital Strategy for the forthcoming year, and these were approved by full Council on 5th March 2025 for the 2025/26 financial year. The Council's Treasury Management Practices allow the Council to raise funds from a variety of sources, including the PWLB and the money market. The Section 151 Officer is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

13. **Pensions Assets and Liabilities**

As a result of International Accounting Standard (IAS) 19 "Employee Benefits", local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the Balance Sheet date. Please refer to notes 14.4 and 33.0 to the Core Financial Statements for further details. The effect of IAS 19 upon the reserves of the Council is as follows:

	£'000
Net Assets excluding Pensions Reserve	1,475,660
Net Assets as per Balance Sheet	1,470,010

14. New Valuation Framework for Assets

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom changed in respect of revaluations of property, plant and equipment. Previously assets that needed a revaluation were revalued as a minimum every 5 years. From 2025/26 assets will be valued every 5 years, with annual indexation applied during the 4 intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year 3. The Council engages with an external valuer, (current contract held by Avison Young), to undertake valuations in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and aligned to the CIPFA Code of Practice of Local Authority Accounting.

15. Mutual Investment Model (MIM) / Sustainable Communities for Learning

During 2024/25, the Council opened 3 replacement primary schools, being Llanilltud Faerdref (April 2024), Penygawsi (July 2024) and Pontyclun (March 2025), funded by the Mutual Investment Model (MIM).

MIM schemes are projects for the design, build, finance and maintenance of public sector assets by a private sector partner, in this Council's case, WEPCO. At the end of the 25 year contract, the assets will be transferred into Council ownership. Under MIM, WEPCO build and maintain public assets. In return, the Council makes annual service payments, which cover the cost of construction, maintenance, lifecycling and financing of the project. The Annual Service Charge (ASC) comprises of an initial split of a 70% unindexed element and 30% indexed element. Welsh Government fund 85.6% of the total ASC.

The assets are recognised as Long Term Assets on the Balance Sheet along with the liability for the unindexed (capital) element of the ASC. The indexed element of the ASC is charged to revenue.

16. South East Wales Corporate Joint Committee (SEWCJC)

On 15th March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed

the Cardiff Capital Region City Deal (CCRCD), an agreement between the UK Government, the Welsh Government and the ten Councils to develop and manage £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund. This investment comprises £734m on a Metro scheme and £495m for Investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals.

On the 20th September 2021, Cardiff Capital Region Cabinet agreed to transition CCRCD's existing operational and delivery model into a single corporate body, the South East Wales Corporate Joint Committee (SEWCJC) which became fully operational from 1st April 2024.

The SEWCJC is the main decision-making body for the Cardiff Capital Region. The Joint Committee is responsible for the following functions:

- Preparing a Strategic Development Plan;
- Preparing a Regional Transport Plan; and
- Doing whatever is deemed necessary to enhance or promote the economic wellbeing of the area.

The Committee also has responsibility for the SEWCJC's Constitution, policy setting, setting the annual budget, agreeing the terms of reference of its sub-committees and appointing Chief Officers.

The SEWCJC Joint Overview and Scrutiny Committee is administered by Rhondda Cynon Taf County Borough Council and is responsible for reviewing and scrutinising decisions made by the SEWCJC and making reports or recommendations to the SEWCJC regarding the discharge of its functions.

The draft 2025/26 Joint Committee accounts of SEWCJC have been consolidated into the Council's accounts based upon the population figures as specified in the Joint Working Agreement approved by Council on 25th January 2017.

17. Central South Consortium Joint Education Service (CSCJES)

Further to the outcome of Welsh Government's review of school improvement services (the 'Middle Tier Review'), the Cabinets of the 5 local authorities that comprise the CSCJES agreed that the delivery of school improvement functions be undertaken by the individual local authorities and the model for Professional Learning and Support continues to be organised and delivered across the regional footprint (i.e. the new regional Professional Learning and Support Service).

In line with the agreed way forward, the new regional Professional Learning and Support Service arrangement was in place from 1st September 2025. The new service will be governed by an inter authority collaborative agreement and no longer subject to the governance requirements of a joint committee.

Transactions of the joint committee have been consolidated up to 31st August 2025 and balances have been written out of the Council's consolidated balance sheet as at 31st March 2026.

18. WSP Glamorgan Consultancy Ltd. (formerly Capital Glamorgan Consultancy Ltd.) trading as Redstart Ltd

WSP Glamorgan Consultancy Ltd is a Joint Venture between WSP and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 27.93% of the shares of the company and holds voting rights to this value on the Board. The Joint Venture has been accounted for as an associate in the 2025/26 Statement of Accounts of the Council. The company will be wound down during 2026/27 whilst the residual matters are concluded.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Deputy Chief Executive & Group Director – Corporate Resources.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I confirm that these accounts were approved by Council.

Signature: *W Lewis* Date: 23/09/26

Presiding Officer
Rhondda Cynon Taf CBC
Llys Cadwyn 2
Pontypridd
CF37 4TH

The Deputy Chief Executive & Group Director – Corporate Resources' Responsibilities

The Director is responsible for the preparation of the Council's Statement of Accounts which, in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Director has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the code.

The Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Deputy Chief Executive & Group Director – Corporate Resources on the Accounts of Rhondda Cynon Taf CBC for 2025/26

I certify that the accounts present a true and fair view of the financial position of Rhondda Cynon Taf CBC as at 31st March 2026 and its income and expenditure for the year.

Signature:  Date: 23/09/26

Barrie Davies

Deputy Chief Executive & Group Director – Corporate Resources

Rhondda Cynon Taf CBC

Llys Cadwyn 2

Pontypridd

CF37 4TH

Movement in Reserves Statement (MiRS)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves”. The Total Comprehensive Income and Expenditure line shows the economic cost of providing the Council’s services on an International Financial Reporting Standards basis, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting. The Net Increase/(Decrease) before transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in Reserves Statement for the year ending 31st March 2025

	Council Fund Balance	Earmarked Reserves: Capital and Investment / Infrastructure	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
Balance at 1st April 2024	10,240	119,532	78,495	7,820	11,891	26,862	163	255,003	1,035,797	1,290,800
Adjustments on transition to new accounting arrangements for leases	(2,172)	0	0	0	0	0	0	(2,172)	2,172	0
Movement in reserves during 2024/25:										
Total Comprehensive Income and Expenditure	267	0	7,634	0	0	0	0	7,901	46,934	54,835
Adjustments between accounting basis and funding under regulations:										
Adjustments primarily involving the Capital Adjustment Account:										
Reversal of items debited/credited to CI&ES:										
Charges for depreciation and impairment of long-term assets	51,082	0	151	0	0	0	0	51,233	(51,233)	0
Revaluation losses on property, plant & equipment	34,600	0	0	0	0	0	0	34,600	(34,600)	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,771	0	0	0	0	0	0	2,771	(2,771)	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	23,420	0	0	0	0	0	0	23,420	(23,420)	0
Continued Overleaf...										

Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0
Insertion of items not debited/ credited to CI&ES:										
Statutory provision for the financing of capital investment	(17,280)	0	0	0	(1,794)	0	0	(19,074)	19,074	0
Capital expenditure charged against the Council Fund Balances	(37,142)	0	0	0	0	0	0	(37,142)	37,142	0
Adjustments primarily involving the Capital Grants Unapplied Account:										
Capital grants and contributions unapplied credited to CI&ES	(77,121)	0	0	0	0	77,121	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(9,688)	0	0	(95,574)	0	(105,262)	105,262	0
Adjustments involving the Capital Receipts Reserve:										
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	13,354	0	160	0	3,090	0	0	16,604	(16,604)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(163)	0	0	(163)	163	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:										
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(100)	0	(317)	0	0	0	0	(417)	417	0
Adjustments involving the Pensions Reserve:										
Reversal of items relating to retirement benefits debited or credited to the CI&ES	36,811	0	105	0	0	0	0	36,916	(36,916)	0
Continued Overleaf...										

Employer's pensions contributions and direct payments to pensioners payable in the year	(41,500)	0	(97)	0	0	0	0	(41,597)	41,597	0
Adjustment involving the Accumulated Absences Account:										
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,299	0	6	0	0	0	0	3,305	(3,305)	0
Other adjustments include:										
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	2,194	0	0	0	0	2,194	(2,194)	0
Net increase or (decrease) before transfers to Earmarked Reserves	(7,539)	0	148	0	1,133	(18,453)	0	(24,711)	79,546	54,835
Transfers to or from Earmarked Reserves	8,711	(1,475)	(4,713)	(2,012)	1,341	0	(14)	1,838	(1,838)	0
Increase or (decrease) in the year	1,172	(1,475)	(4,565)	(2,012)	2,474	(18,453)	(14)	(22,873)	77,708	54,835
Transitional adjustment between accounting basis and funding basis	(2,172)	0	0	0	0	0	0	(2,172)	2,172	0
Balance at 31st March 2025	9,240	118,057	73,930	5,808	14,365	8,409	149	229,958	1,115,677	1,345,635

Movement in Reserves Statement for the year ended 31st March 2026

	Council Fund Balance	Earmarked Reserves: Capital and Investment / Infrastructure	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
Balance at 1st April 2025	9,240	118,057	73,930	5,808	14,365	8,409	149	229,958	1,115,677	1,345,635
Movement in reserves during 2025/26:										
Total Comprehensive Income and Expenditure	94,314	0	3,647	0	0	0	0	97,961	26,796	124,757
Adjustments between accounting basis and funding under regulations:										
Adjustments primarily involving the Capital Adjustment Account:										
Reversal of items debited/credited to CI&ES:										
Charges for depreciation and impairment of long-term assets	52,417	0	121	0	0	0	0	52,538	(52,538)	0
Revaluation losses on property, plant & equipment	10,084	0	0	0	0	0	0	10,084	(10,084)	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,594	0	0	0	0	0	0	2,594	(2,593)	1
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	21,798	0	0	0	0	0	0	21,798	(21,798)	0
Continued Overleaf...										

Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0
Insertion of items not debited/ credited to CI&ES:										
Statutory provision for the financing of capital investment	(18,488)	0	0	0	0	0	0	(18,488)	18,488	0
Capital expenditure charged against the Council Fund Balances	(22,616)	0	0	0	0	0	0	(22,616)	22,616	0
Adjustments primarily involving the Capital Grants Unapplied Account:										
Capital grants and contributions unapplied credited to CI&ES	(104,192)	0	0	0	0	104,192	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(7,726)	0	0	(101,677)	0	(109,403)	109,403	0
Adjustments involving the Capital Receipts Reserve:										
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	748	0	1	0	735	0	0	1,484	(1,484)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(281)	0	0	(281)	281	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	2	0	0	2	(2)	0
Adjustments involving the Financial Instruments Adjustment Account:										
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(104)	0	0	0	0	0	0	(104)	104	0
Adjustments involving the Pensions Reserve:										
Reversal of items relating to retirement benefits debited or credited to the CI&ES	28,510	0	4,156	0	0	0	0	32,666	(32,666)	0
Continued Overleaf...										

Employer's pensions contributions and direct payments to pensioners payable in the year	(41,540)	0	(155)	0	0	0	0	(41,695)	41,695	0
Adjustment involving the Accumulated Absences Account:										
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(166)	0	(13)	0	0	0	0	(179)	179	0
Other adjustments include:										
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	54	0	0	0	0	54	(54)	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	23,359	0	85	0	456	2,515	0	26,415	98,343	124,758
Transfers to or from Earmarked Reserves	(22,417)	27,336	(4,529)	(524)	1,138	0	41	1,045	(1,428)	(383)
Increase or (decrease) in the year	942	27,336	(4,444)	(524)	1,594	2,515	41	27,460	96,915	124,375
Balance at 31st March 2026	10,182	145,393	69,486	5,284	15,959	10,924	190	257,418	1,212,592	1,470,010

Comprehensive Income and Expenditure Statement (CI&ES)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement for the year ended 31st March 2026

2024/25 (Restated)				Note:	2025/26		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
448	(6)	442	Chief Executive's Office		445	(10)	435
352,485	(87,458)	265,027	Education and Inclusion Services		327,103	(90,194)	236,909
4,468	(370)	4,098	Human Resources		4,239	(434)	3,805
42,313	(9,624)	32,689	Corporate Resources		49,629	(12,451)	37,178
40,214	(31,748)	8,466	Housing and Regeneration Services		40,733	(31,976)	8,757
8,558	(1,793)	6,765	Legal and Democratic Services		7,946	(1,536)	6,410
112,636	(17,773)	94,863	Environmental Services		123,521	(28,068)	95,453
68,587	(46,938)	21,649	Community Services		64,801	(47,032)	17,769
250,807	(69,017)	181,790	Social Services		261,464	(67,910)	193,554
88,418	(58,750)	29,668	Authority Wide Budgets		68,422	(37,441)	30,981
10,162	(1,653)	8,509	Joint Committees		8,747	(2,909)	5,838
979,096	(325,130)	653,966	Cost of Services		957,050	(319,961)	637,089
			Other Operating Expenditure				
30,877	0	30,877	Precepts	29.3	33,447	0	33,447
15,924	0	15,924	Levies	29.3	16,826	0	16,826
13,513	0	13,513	(Gains) or Losses on Disposal of Non-Current Assets		748	0	748
			Financing and Investment Income and Expenditure				
12,983	0	12,983	Interest Payable and Similar Charges	7.2	14,274	0	14,274
0	(1,705)	(1,705)	Net Interest on Net Defined Liability	33.2	0	(852)	(852)
0	(1,663)	(1,663)	Interest Receivable and Similar Income	7.2	0	(1,039)	(1,039)
497	(320)	177	Income, Expenditure and Changes in the Fair Value of Investment Properties		242	(324)	(82)
			Taxation and Non-Specific Grant Income				
0	(167,561)	(167,561)	Council Tax Income	26.0	0	(177,802)	(177,802)
0	(85,978)	(85,978)	NDR Distribution	25.0	0	(85,834)	(85,834)
0	(408,055)	(408,055)	Non-Ringfenced Government Grants		0	(439,963)	(439,963)
0	(72,739)	(72,739)	Capital Grants and Contributions		0	(95,510)	(95,510)
0	88	88	Corporation Tax - Joint Committees		49	0	49
1,052,890	(1,063,063)	(10,173)	(Surplus) or Deficit on the Provision of Services		1,022,636	(1,121,285)	(98,649)
176	(50,097)	(49,921)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		9,880	(44,881)	(35,001)
2,592	0	2,592	(Surplus) or Deficit on Revaluation of Financial Instrument Assets		459	0	459
2,667	0	2,667	Remeasurement of the Net Defined Benefit Liability		26,081	(17,265)	8,816
5,435	(50,097)	(44,662)	Other Comprehensive Income and Expenditure		36,420	(62,146)	(25,726)
1,058,325	(1,113,160)	(54,835)	Total Comprehensive Income and Expenditure		1,059,056	(1,183,431)	(124,375)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council at the financial year end. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet as at 31st March 2026

31/03/2025				31/03/2026	
£'000			Note:	£'000	£'000
	Long-Term Assets	Property, Plant & Equipment:	6.0		
1,010,280		Other Land & Buildings		1,049,580	
634,930		Infrastructure		642,872	
12,965		Vehicles, Plant & Equipment		11,883	
4,876		Community Assets		4,876	
16,295		Assets Under Construction		53,240	
145		Heritage Assets		145	
12,870		Investment Properties		12,046	
427		Defined Benefit Pension Scheme Asset		0	
7,279		Long-Term Intangible Assets		9,046	
10,165		Long-Term Investments	7.1	4,184	
3,038		Investment in Subsidiaries		2,985	
7,202		Long-Term Debtors	8.0	14,247	
1,720,472		TOTAL LONG-TERM ASSETS			1,805,104
	Current Assets				
35,713		Short-Term Investments	7.1	19,446	
584		Assets Held for Sale		1,056	
981		Inventories		937	
160,939		Short-Term Debtors	8.0	167,505	
0		Cash and Cash Equivalents	9.0	0	
198,217		TOTAL CURRENT ASSETS			188,944
	Current Liabilities				
(3,333)		Cash and Cash Equivalents	9.0	(772)	
(25,541)		Short-Term Borrowing	7.1	(14,677)	
(1,586)		Short-Term Provisions	11.0	(1,496)	
(187,456)		Short-Term Creditors	10.0	(156,958)	
(2,046)		Other Short-Term Liabilities	12.0	(2,147)	
(219,962)		TOTAL CURRENT LIABILITIES			(176,050)
	Long-Term Liabilities				
(23,534)		Long-Term Creditors	10.0	(23,227)	
(4,972)		Long-Term Provisions	11.0	(4,733)	
(263,196)		Long-Term Borrowing	7.1	(261,197)	
(61,267)		Other Long-Term Liabilities	12.0	(58,708)	
(123)		Long-Term Donated Assets Account		(123)	
(353,092)		TOTAL LONG-TERM LIABILITIES			(347,988)
1,345,635	NET ASSETS				1,470,010

Continued Overleaf...

9,240	Usable Reserves	Council Fund Balance	13.1	10,182	
		Earmarked Reserves:	13.2		
118,057		Capital and Investment / Infrastructure	13.2	145,393	
73,930		Other Revenue Related Reserves	13.2	69,486	
5,808		Delegated Schools Reserve	13.3	5,284	
14,365		Usable Capital Receipts Reserve	13.4	15,959	
8,409		Capital Grant Unapplied Account	13.5	10,924	
149		MGCC Insurance Reserve		190	
229,958		TOTAL USABLE RESERVES			257,418
327,562	Unusable Reserves	Revaluation Reserve	14.1	352,215	
807,748		Capital Adjustment Account	14.2	878,860	
(5,016)		Financial Instruments Adjustment Account	14.3	(4,340)	
(5,945)		Pensions Reserve	14.4	(5,650)	
(8,672)		Short-Term Accumulating Compensated Absence Account		(8,493)	
1,115,677		TOTAL UNUSABLE RESERVES			1,212,592
1,345,635	TOTAL RESERVES				1,470,010

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Cash Flow Statement 2025/26

2024/25			2025/26	
£'000		Note:	£'000	£'000
(10,173)	Net (Surplus) or Deficit on the Provision of Services		(98,649)	
(119,199)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	15.0	1,809	
70,305	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	16.0	96,246	
(59,067)	Net Cash Flows from Operating Activities			(594)
58,746	Investing Activities	18.0	21,010	
(728)	Financing Activities	19.0	(17,855)	3,155
(1,049)	Net Increase or Decrease in Cash or Cash Equivalents			2,561
(2,284)	Cash and Cash Equivalents at the Beginning of the Reporting Period	9.0		(3,333)
(3,333)	Cash and Cash Equivalents at the End of the Reporting Period	9.0		(772)

Expenditure and Funding Analysis

The Expenditure and Funding Analysis brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pension benefits earned by the employees. Statutory provisions determine how much of the Council's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis;

- shows for each of the Council's services a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two.

This analysis promotes accountability and stewardship by providing a direct link with the annual decision making process of the Council and its budget i.e. the Council Fund. It follows the performance framework of the Council.

Expenditure and Funding Analysis Statement for the year ended 31st March 2025

	2024/25 (Restated)		
	Income and Expenditure Chargeable to the Council Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure for the Equivalent Amounts for CI&ES
	£'000	£'000	£'000
Chief Executive's Office	328	114	442
Education and Inclusion Services	233,899	31,128	265,027
Human Resources	3,040	1,058	4,098
Corporate Resources	24,249	8,440	32,689
Housing and Regeneration Services	6,280	2,186	8,466
Legal and Democratic Services	5,018	1,747	6,765
Environmental Services	70,370	24,493	94,863
Community Services	22,131	(482)	21,649
Social Services	185,833	(4,043)	181,790
Authority Wide Budgets	82,368	(52,700)	29,668
Joint Committees	0	8,509	8,509
Cost of Services	633,516	20,450	653,966
Other Income and Expenditure	(632,516)	(31,623)	(664,139)
(Surplus) or Deficit	1,000	(11,173)	(10,173)

Opening Council Fund at 31 st March 2024	10,240
Release of Council Fund Reserves to support Storm Bert recovery work	(1,000)
Revenue Budget Outturn	(1,917)
Utilisation of additional Welsh Government Funding	1,917
Closing Council Fund at 31st March 2025	9,240

Expenditure and Funding Analysis Statement for the year ended 31st March 2026

	2025/26		
	Income and Expenditure Chargeable to the Council Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure for the Equivalent Amounts for CI&ES
	£'000	£'000	£'000
Chief Executive's Office	466	(31)	435
Education and Inclusion Services	249,365	(12,456)	236,909
Human Resources	4,351	(546)	3,805
Corporate Resources	26,368	10,810	37,178
Housing and Regeneration Services	5,596	3,161	8,757
Legal and Democratic Resources	7,151	(741)	6,410
Environmental Services	74,255	21,198	95,453
Community Services	17,696	73	17,769
Social Services	204,890	(11,336)	193,554
Authority Wide Budgets	79,272	(48,291)	30,981
Joint Committees	0	5,838	5,838
Cost of Services	669,410	(32,321)	637,089
Other Income and Expenditure	(668,468)	(67,270)	(735,738)
(Surplus) or Deficit	942	(99,591)	(98,649)

Opening Council Fund at 31 st March 2025	9,240
Contribution from Revenue Base Budget	1,000
In Year Net Overspend	(58)
Closing Council Fund at 31st March 2026	10,182

Notes to the Core Financial Statements

1.0 Material Accounting Policies

1.1 Accruals of Expenditure and Income

The accounts of the Council have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Council transfers the significant risks and rewards of goods, or provides the services to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Supplies are recorded as expenditure when they are consumed. Where the Balance Sheet date falls between supplies receipt and consumption, where significant, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract. Statutory adjustments relating to interest are reflected in the Movement in Reserves Statement.

Capital transactions are also recorded on an accrual basis, as prescribed by the Code of Practice on Local Authority Accounting.

1.2 Cash and Cash Equivalents

Cash and Cash Equivalents are sums of money available for immediate use by the Council. Such items are deemed to be cash balances held in the Council's bank accounts (less unpresented cheques), any overdrawn bank balance and petty cash balances.

Short-term investments are not deemed to be cash and cash equivalents as these are not readily available without incurring penalties.

1.3 Contingent Liabilities

A contingent liability is a possible item of expenditure that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Such contingent liabilities are not reflected in Provisions in the Balance Sheet as it may not be probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Material contingent liabilities are disclosed in Notes to the Core Financial Statements.

1.4 Employee Benefits

All costs relating to employee benefits are accounted for on an accruals basis.

Termination Benefits

These are amounts payable by the Council as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. Such costs are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

When terminations involve the enhancement of pensions, statutory provisions require the Council Fund to be charged with the amount payable by the Council. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional entries for pension enhancements and replace them with amounts paid and payable.

Pensions

The Council participates in two separate pension schemes that meet the needs of employees in particular services:

Teachers - This is an unfunded scheme administered by Teachers' Pensions on behalf of the Department of Education. Contribution rates are set on the basis of a notional fund. Whilst this is a Defined Benefit Scheme, Teachers' Pensions is unable to identify the Council's share of the underlying assets and liabilities and accordingly, the Council has accounted for its contributions to the scheme as if it were a Defined Contribution Scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations, under which contribution rates are set by the Fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Pension Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.2% in 2025/26 (5.8% in 2024/25).

- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value

- The change in the net pensions asset or liability is analysed as follows:
 - Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked plus administration expenses.
 - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
 - Expected Return On Assets – the annual investment return on the fund assets attributable to the Council based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
 - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their financial, demographic or experience assumptions – debited or credited to the Pensions Reserve.
 - Contributions Paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.
 - Net Benefits Paid Out – reducing the liability.

In relation to retirement benefits, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award.

Accumulated Absence

The Council accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge upon Councils. This Council has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absence Account in Unusable Reserves.

1.5 Events after the Reporting Period

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements);
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but, where material, disclosure is made in the Notes to the Core Financial Statements).

1.6 Financial Instruments

Financial Instruments consist of Financial Liabilities and Financial Assets.

Financial Liabilities

Financial Liabilities are carried at amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Where a loan has a single rate of interest over its term, it results in the amount presented in the Balance Sheet being the outstanding principal repayable, and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the loan agreement. Where loans have a rate that is lower in the initial years, the effective interest rate charge to the Comprehensive Income and Expenditure Statement “smooths” the interest rate differential. The difference between the effective interest rate charge and actual interest paid is adjusted in the Movement in Reserves Statement.

For most borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains (discounts) and losses (premiums) on the repurchase or early settlement of borrowing are credited/debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase/early settlement is deemed to be a modification of existing instruments, the discounts/premiums are incorporated into the value of the instrument and written down to the Comprehensive Income and Expenditure Statement over the life of the loan via an adjustment to the effective interest rate.

Where premiums or discounts have been applied to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years equal to the life of the replaced or replacement loan.

Financial Assets

Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income.

Rhondda Cynon Taf CBC's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost.

Loans and Receivables are initially recognised at fair value and subsequently carried at amortised cost. Interest Receivable and Similar Income in the Comprehensive Income and Expenditure Statement is based upon the carrying amount of the asset multiplied by the effective interest rate for the instrument. This means that the value in the Balance Sheet is the outstanding principal plus any accrued income, and the income recognised in the Comprehensive Income and Expenditure Statement is based upon the rate quoted in the loan agreement.

Interest that is due but unpaid at year-end is categorised in the Balance Sheet as a current asset or liability. This is the case even if the financial asset or liability it relates to is a long-term instrument.

There needs to be a calculation for an "expected credit loss" on financial assets held at amortised costs, either on a 12 month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Where risk has significantly increased since an asset was originally recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

1.7 Intangible Assets

Intangible assets are those Long-Term Assets that do not have physical substance but are identifiable by the access to future economic benefits that are controlled by the Council through custody or legal rights.

Software and Licences are capitalised at cost and are amortised over their economic lives, which are reviewed at the end of each reporting period and revised if necessary.

An asset is tested for impairment whenever there is an indication that the asset may be impaired. Any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is reflected in the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an effect upon Council Fund Balances and are reversed in the Movement in Reserves Statement.

1.8 Leases

The Council adopted IFRS 16 from 1st April 2024, to recognise all right of use assets. In accordance with IFRS 16, the Council recognises a “right-of-use” (ROU) asset for leases where it is the lessee. The right-of-use asset is measured at the present value of the lease liability and includes any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets, under £10k. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Where the Council is lessor and the lease is a finance lease (where the terms of the lease transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee), the lease payment receivable is recognised as a repayment of principal with the interest element of the payment being recognised in the Comprehensive Income and Expenditure Statement. No asset is recognised.

Where the Council is lessor, and the lease is an operating lease, the income should be recognised on a straight-line basis unless another systematic basis is more representative of the benefits received. Other Land & Buildings leased out under an operating lease will be subject to depreciation in the same manner as other assets within the same category.

1.9 Overhead and Support Services

The costs of overheads and support services are accounted for in accordance with the Council's arrangements for accountability and financial performance.

1.10 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Depreciation is charged on a straight-line basis on most tangible assets with a finite useful life, excluding non-depreciable land. Asset lives have been identified on an individual basis.

1.10.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council, and the cost of the item can be measured reliably. The Council operates a £10k de-minimis policy for recognising such expenditure as capital. Expenditure on assets not owned by the Council, but where continuing benefit is received, is also capitalised on an accruals basis. Although capitalised, this expenditure is amortised in the year it is incurred.

The Council operates a de-minimis policy for recording assets in the asset register. De-minimis levels are in place as follows:

Asset Type	£'000
Land & Buildings	20
Vehicles	10
Plant & Equipment	10
Infrastructure	20
Community Assets	Nil

1.10.2 Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Tangible Long-Term assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Property, Plant and Equipment assets are generally valued on the basis of existing use value (EUV) which is deemed to be "current value". Specialist items (e.g. schools) are valued on a depreciated replacement cost basis (DRC). This method of valuation calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life. This cost calculation is known as Modern Equivalent Valuation (MEV). Investment properties are valued

on a fair value basis. Infrastructure assets are included at historic cost and adjusted to reflect depreciation. Adopted roads, built by private developers, are deemed to have zero historical cost to the Council and therefore are not recognised in the Statement of Accounts.

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of Property, Plant and Equipment requiring valuations every 5 years or on a 5-year rolling programme (RCT CBC will adopt a 5-year rolling programme) and supported by indexation in intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Where assets are not in use but do not meet the criteria for Assets Held for Sale, then they are classed as Surplus Assets within the Property, Plant and Equipment and Other Land and Building categories. Surplus Assets are valued at fair value. Fair value is the price that would be received between willing market participants. The highest and best use of the asset needs to be considered. Inputs to the valuation techniques in respect of these assets are categorised as the following hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset or liability. For example, market conditions; recent sale prices.

Level 3 – unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

Fair value measurement differentiates between measurements that are recurring i.e. at the end of each period, for example surplus assets and those that are non-recurring measured on particular circumstances, for example assets held for sale.

In the accounts there are 65 Surplus Assets with a recurring fair value of £1.8m. All of the assets are valued at level 2 inputs.

Community assets are valued on an historic cost basis. These have no determinable useful life and are assets that the Council intend to hold in perpetuity. Examples of community assets are parks and memorials.

Assets under Construction are valued at historic cost until they become operational. When they are brought into use, they are revalued on the relevant basis.

Heritage Assets are recognised as such if they are material non-operational assets that are held purely for cultural or knowledge gaining purposes. These assets are recognised at cost or market value, are reviewed for impairment but not depreciated.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where

non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued and / or indexed to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.10.3 Impairment

Assets are assessed throughout the year as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.10.4 Depreciation

Depreciation is charged on a straight-line basis on most property, plant and equipment. All asset lives have been identified on an individual basis.

Exceptions are made for:

- Heritage Assets.
- Assets without a determinable finite useful life such as freehold land.
- Assets that are not yet available for use i.e. assets under construction and assets held for sale.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is not calculated in the year of acquisition but is calculated in the year of disposal.

1.10.5 Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. These assets are measured at the lower of the value they had when it was agreed they would be sold and fair value less costs to sell.

The valuation in the balance sheet can be split as follows:

	£'000
Fair value	1,051
Carrying value	5
Total Value in Balance Sheet	1,056

The non-recurring fair value is measured using level 2 in the input hierarchy (refer to note 1.10.2 for explanation of levels). Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to long-term assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. The criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition.
- Sale highly probable.

- Actively marketed.
- Sale completion expected within 12 months.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are required to be credited to the Usable Capital Receipts Reserve, and can then be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Usable Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of long-term assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

1.11 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. To ensure this is not a charge against the Council Fund Balance, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for long-term assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

1.12 Schools

The CIPFA Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

1.13 Revenue Expenditure Funded from Capital Under Statute

This is expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a Long-Term Asset. It is charged as expenditure to the relevant service line(s) in the Comprehensive Income and Expenditure Statement in the year. Where the Council funds such expenditure from capital resources, a transfer in the Movement in Reserves Statement to the Council Fund Balance from the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.14 Government Grants and Other Contributions

Government grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that;

- the conditions for their receipt have been/will be complied with; and
- the grant or contribution will be received.

Monies advanced where there is no reasonable assurance of the above two criteria are held as creditors in the Balance Sheet.

Revenue grants are credited to the relevant service and capital grants are credited to the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Statement.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a capital grant has been recognised as income but not yet used to finance capital expenditure, it is credited to Capital Grants Unapplied Account via the Movement in Reserves Statement. Subsequently, when the funds are used, the grant is transferred from Capital Grant Unapplied Account to Capital Adjustment Account.

Where a grant claim requires auditor sign off and is as yet unaudited, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

1.15 Charges to Revenue for Long-Term Assets

Services are debited with the following items to record the cost of holding Long-Term Assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of Intangible Assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. Therefore, these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement.

1.16 Minimum Revenue Provision/Provision for the Repayment of Debt

The Local Government Act 2003 requires each local authority to set aside a Minimum Revenue Provision (MRP) for debt redemption. In accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 the Council's accounting treatment is as follows:

Supported Borrowing: The MRP on supported borrowing is written off on a straight-line basis over 40 years, linked (broadly) to the lives of the Council's assets.

Unsupported Borrowing: MRP is charged to the Council Fund Balance as follows:

- Charge in equal instalments (or to match the benefits derived) over the life of the asset created (asset life must be applied for any expenditure capitalised under a Capitalisation Direction);
- Annuity method;
- Charge in accordance with the depreciation of the asset; or
- An alternative appropriate method permitted by the guidance.

Finance Leases: In accordance with MRP guidance issued by the Welsh Government, MRP for finance leases, represents the principal element of repayments made by the Council (refer to Lease policies).

1.17 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.18 Interests in Companies and Other Entities

The Council has interests in companies and other entities which are required to be included in the financial statements.

Amgen Cymru Ltd. and Amgen Rhondda Ltd. meet the criteria of subsidiaries and are represented within Long-Term Assets in the Balance Sheet of the financial statements.

Capita Glamorgan Consultancy Ltd. changed its name to WSP Glamorgan Consultancy Ltd on 31st October 2022 and meets the criteria of an associated company.

Due to materiality, Group financial statements have been produced to include Amgen Cymru Ltd. and Amgen Rhondda Ltd. The acquisition consolidation method has been used. The audited accounts for Amgen Cymru Ltd., Amgen Rhondda Ltd. and WSP Glamorgan Consultancy Ltd. are available separately.

The Council participates in various Joint Committee arrangements. In line with materiality considerations, only two of these Joint Committees, Central South Consortium Joint Education Service (CSCJES) and Cardiff Capital Region City Deal (CCRCD), subsequently South East Wales Corporate Joint Committee (SEWCJC), have been included within the Council's financial statements. The consolidation has been done on a line-by-line basis, calculated using a reasonable apportionment methodology.

Based on materiality individually or collectively, the following Joint Committees have not been consolidated into the Council's financial statements:

- Glamorgan Archives
- Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)
- Coychurch Crematorium
- Llwydcoed Crematorium

1.19 Inventories

Stock items are held on the balance sheet at latest price within Inventories if received but not used by the end of the financial year.

2.0 Accounting Standards Issued but not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. In the interim potentially relevant standards include:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These amendments should not materially affect this Council.

The Code requires implementation after 1st April 2026, there is therefore no impact on the 2025/26 statement of accounts.

3.0 Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in note 1.0, the Council has had to make certain judgements about complex transactions and those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

3.1 Grants and Contribution Conditions

Judgements are made in terms of conditions attached to both capital and revenue grants. Grants are recognised as income when received/receivable. Unless there are assumptions that conditions of the grant are breached, a return obligation is not recognised. As a result, capital grants received, with no expected return obligation are reflected in the Capital Grants Unapplied Account until they are used to fund the Capital Programme. Similarly, revenue grants received with no expected return obligation that are to be used to fund future years' expenditure are reflected in Earmarked Reserves in the Balance Sheet.

3.2 Voluntary Aided and Voluntary Controlled Schools

The Code confirms that the accounting treatment of local authority maintained schools in England and Wales depends on the balance of control. For voluntary aided schools any long-term assets that are not owned by the Council but by another legal body, such as the Diocese, are not to be shown on the Balance Sheet.

The Balance Sheet includes land at St Margaret's Catholic School and playing fields at both St John Baptist Church in Wales High School and Cardinal Newman Comprehensive School, as ownership lies with the Council. When reviewing the existing criteria, the Council does not consider it has any voluntary controlled schools.

4.0 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

This Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because assets and liabilities cannot always be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4.1 Pensions Asset/Liability

Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. AON, the Fund's Actuary, is engaged to provide the Council with advice about the assumptions to be applied.

Goodwin Ruling

In June 2020 an Employment Tribunal ruled in relation to the Teachers' Pension Scheme, that provisions for survivor benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a ministerial statement on 20th July 2020 that changes would be required to other public service pension schemes with similar arrangements. Regulations came into force on 1st April 2026 to effect the changes to equalise survivor benefits in the LGPS. A past service cost has been recognised in respect of the estimated additional liabilities arising from the new regulations. The value is based on estimates using sample membership data as at 31st March 2024 to be consistent with the allowance made in the 2025 actuarial valuation. The uplift to liabilities is 0.01% for active and deferred members, 0.13% for pensioner members, and 3.45% for dependant members.

Pension Surplus Restriction

Recognition of a pension surplus in the Balance Sheet is detailed in Financial Reporting Standard (FRS) 102, which states "If the present value of the defined benefit obligation at the reporting date is less than the fair value of the plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan".

There is a requirement to disclose any restrictions on the current realisability of the surplus or the basis used to determine the amount of the economic benefit available.

The principles of International Financial Reporting Interpretations Committee (IFRIC) 14 have been applied to limit the economic benefit available through reduced contributions. The actuary has undertaken calculations of the potential surplus that could be recognised through reduced contributions in the future and not a surplus that could be recognised through future refunds as refunds are only possible when the employer exits the fund.

The value of the surplus restriction, calculated by the actuary, applied to the Net Asset is £97.2m.

4.2 Insurance Provision

The Council makes provision for all claims received (but not yet paid) according to the “reserve” value attached to that claim. The reserve value represents the most likely value to settle the claim, not taking into account probability of settlement. Reserve values are provided by the Council’s in-house insurance team, claims handlers and loss adjusters depending on the claim type and estimated value of the claim. Motor and property claims are provided for at 100% of the reserve value. Liability claims are provided for at a percentage based on the length of time a claim remains unresolved. This reflects that not all claims received are paid. Some are successfully repudiated. Refer to note 11.0 for further details.

The risks attached to misstatement are that existing claims will change in value (increase or decrease) or be successfully repudiated. An Earmarked Reserve is established to meet the additional costs relating to the impact of these potential changes in estimates. The Earmarked Reserve also funds claims or incidents that have occurred, but claims are yet to be received. Refer to note 13.2 for further details.

4.3 Property, Plant and Equipment

From 2025/26, the Code has changed to introduce a revaluation expedient for property, plant and equipment requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.

Indexation is a tool used to apply an inflationary increase to assets in the years between professional valuations. Indexation works by considering the relative change in value using indices based on a range of factors – for example, normal inflation or local cost pressures and, for some assets, the scarcity of resources for replacing the assets.

The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables, e.g. build costs, rental income etc. Indexation is an approximation of market changes – it is not a valuation of a specific asset.

Valuations are undertaken in accordance with guidance issued by the Royal Institute of Chartered Surveyors (RICS). Within the computation of the current value valuation, assumptions are made upon the useful lives of assets which could be subject to change in future years.

From 2025/26 there has been a change in accounting estimate for the calculation of depreciation. Current year depreciation is not calculated in the year of acquisition but is calculated in the year of disposal. This change has no material impact on the Statement of Accounts.

5.0 Events After the Reporting Period

The audited Statement of Accounts was authorised for issue by the Deputy Chief Executive & Group Director – Corporate Resources, as Chief Finance Officer, on 23rd September 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31st March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6.0 Property, Plant and Equipment**6.1 Movements on Balances****Movements in 2024/25**

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Mutual Investment Model(MIM) included within Other Land & Buildings	Operating Leases included within Other Land & Buildings and Vehicle, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2024	912,857	35,073	6,178	61,332	1,015,440	5,209	0
IFRS 16 Transition	4,669	2,243	0	0	6,912	0	6,912
Joint Committees Opening Balance	0	896	0	226	1,122	0	0
Additions	106,909	6,183	46	13,635	126,773	54,392	0
Donated Assets	17	0	0	0	17	0	0
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,076	0	0	0	21,076	1,294	1,199
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(34,435)	0	0	0	(34,435)	(3,189)	0
Derecognition – Disposals	(9,681)	(2,084)	0	(6,618)	(18,383)	0	0
Derecognition – Other	0	(3,205)	0	0	(3,205)	0	0
Assets Reclassified (to)/from Held for Sale	(786)	0	0	0	(786)	0	0
Other Reclassifications	38,144	0	(1)	(52,124)	(13,981)	0	0
Other Movements in Cost or Valuation	0	225	0	(156)	69	0	0
At 31st March 2025	1,038,770	39,331	6,223	16,295	1,100,619	57,706	8,111
Continued Overleaf...							

Accumulated Depreciation and Impairment							
At 1 st April 2024	(36,029)	(22,474)	(1,347)	0	(59,850)	(14)	0
Joint Committees Opening Balance	0	(194)	0	0	(194)	0	0
Depreciation Charge	(25,416)	(5,493)	0	0	(30,909)	(823)	(1,698)
Depreciation Written Out of the Revaluation Reserve	26,507	0	0	0	26,507	13	0
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	7,297	0	0	0	7,297	0	0
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,108	0	0	0	2,108	0	0
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	(4,947)	(3,205)	0	0	(8,152)	0	0
Derecognition – Disposals	1,917	1,925	0	0	3,842	0	0
Derecognition – Other	0	3,205	0	0	3,205	0	0
Assets Reclassified (to)/from Held for Sale	73	0	0	0	73	0	0
Other Reclassifications	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	(130)	0	0	(130)	0	0
At 31st March 2025	(28,490)	(26,366)	(1,347)	0	(56,203)	(824)	(1,698)

Net Book Value:

At 31st March 2025	1,010,280	12,965	4,876	16,296	1,044,417	56,882	6,413
At 31st March 2024	876,828	13,301	4,831	61,558	956,518	5,195	0

Movements in 2025/26

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Mutual Investment Model(MIM) included within Other Land & Buildings	Operating Leases included within Other Land & Buildings and Vehicle, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 st April 2025	1,038,770	38,416	6,223	16,225	1,099,634	57,706	8,111
Joint Committees Opening Balance	0	915	0	70	985	0	0
Additions	17,571	8,110	98	46,327	72,106	94	479
Donated Assets	0	0	0	0	0	0	0
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	5,282	0	0	0	5,282	(143)	79
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(10,399)	0	0	0	(10,399)	2,060	0
Derecognition – Disposals	(1,619)	(2,789)	0	0	(4,408)	0	0
Derecognition – Other	0	(4,813)	0	0	(4,813)	0	(180)
Assets Reclassified (to)/from Held for Sale	(229)	0	0	0	(229)	0	0
Other Reclassifications	9,305	0	0	(9,341)	(36)	0	0
Other Movements in Cost or Valuation	0	20	0	(41)	(21)	0	0
At 31st March 2026	1,058,681	39,859	6,321	53,240	1,158,101	59,717	8,489
Continued Overleaf...							

Accumulated Depreciation and Impairment							
At 1 st April 2025	(28,490)	(26,009)	(1,347)	0	(55,846)	(824)	(1,698)
Joint Committees Opening Balance	0	(357)	0	0	(357)	0	0
Depreciation Charge	(25,432)	(4,411)	0	0	(29,843)	(835)	(1,112)
Depreciation Written Out of the Revaluation Reserve	27,574	0	0	0	27,574	357	0
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	10,320	0	0	0	10,320	1,301	0
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,144	0	0	0	2,144	0	0
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	4,551	(4,632)	(98)	0	(179)	0	0
Derecognition – Disposals	232	2,764	0	0	2,996	0	0
Derecognition – Other	0	4,669	0	0	4,669	0	36
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other Reclassifications	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0
At 31st March 2026	(9,101)	(27,976)	(1,445)	0	(38,522)	(1)	(2,774)

Net Book Value:

At 31st March 2026	1,049,580	11,883	4,876	53,240	1,119,579	59,716	5,715
At 31st March 2025	1,010,280	12,965	4,876	16,296	1,044,417	56,882	6,413

The MIM long term assets (Land and Buildings) are the 3 replacement primary schools (Llanilltud Faerdref, Penygawsi and Pontyclun) designed, built, financed and maintained by a private sector partner. The assets are recognised as Long Term Assets on the Balance Sheet along with the liability for the unindexed (capital) element of the Annual Service Charge. The change in the gross book value and net book value of these assets are shown in the table above.

The Right of Use (ROU) assets have been included in the table above within the appropriate asset category.

6.2 Infrastructure Assets

The temporary relief for infrastructure assets disclosure requirements applies to accounts for financial years commencing 1st April 2021 and ending 31st March 2029.

In accordance with the temporary relief offered by the Update to the Code of Practice on Local Authority Accounting in the United Kingdom on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as previously reported practices due to historic information deficits mean that gross cost and accumulated depreciation relating to infrastructure assets are not measured accurately.

	2024/25	2025/26
	£'000	£'000
Net Book Value at 1st April	589,657	634,930
Additions	50,942	40,730
Depreciation	(17,658)	(17,658)
Impairment	(1,918)	(15,130)
Reclassifications	13,907	0
Net Book Value at 31st March	634,930	642,872

The Council has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

6.3 Investment Properties

	2024/25	2025/26
	£'000	£'000
Balance at 1st April	13,009	12,870
Net Gains/Losses from fair value adjustments	(139)	(824)
Balance at 31st March	12,870	12,046

The investment properties within RCT and within the Joint Committee are valued on a market based approach. The fair values for investment properties within RCT have been calculated using level 2 in the fair value hierarchy.

6.4 Capital Commitments

At 31st March 2026 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years, budgeted to cost £33.0m. Similar commitments at 31st March 2025 were £21m.

Within this amount the significant contract values as at 31st March 2026 are:

Scheme	£'000
A4059 Afon Cynon Bridge	1,125
Ysgol Cambrian (New Special School)	12,228
Bronllwyn HFE	3,883
Cynon Gateway North Transit Corridor	1,333
Tylorstown Tip Landslip	1,553
Ysgol Gynradd Glyn-Coch	9,858
Total	29,980

6.5 Revaluations

As a result of the CIPFA Code changes in 2025/26, the Council will be valuing assets every 5 years with annual indexation applied during the intervening years. Where no appropriate indices can be applied, for example land assets, assets will be revalued using a quinquennial revaluation with a desk top valuation in year 3.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values are:

- Valuations include the cost of construction on a modern equivalent basis.
- The cost has been depreciated to account for the age and future economic life of the buildings.
- Valuations are subject to the prospect and viability of the continuance of the occupation and use of the property.
- Indexing reflects the market-based movements within the year.

The following table summarises the use of indexing during 2025/26 valuations:

Index	Category	Average Change £'000's	Valuation Change £'000's
Costar (Commercial Real Estate Information Company)	Retail	(5)	(57)
Costar (Commercial Real Estate Information Company)	Industrial	3	76
Costar (Commercial Real Estate Information Company)	Offices	8	356
BCIS(Building Cost Information Service)	Buildings valued at Depreciated Replacement Cost	34	40,601
HM Land Registry House Price Index Wales	Residential	13	241
Average Income Received	Fee Earning Car Parks	24	602
	Total Indexation in 2025/2026	77	41,819

7.0 Financial Instruments

7.1 Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Assets	Long-Term		Current	
	31/03/25	31/03/26	31/03/25	31/03/26
	£'000	£'000	£'000	£'000
Investments: Loans and Receivables	10,165	4,184	35,713	19,446
Debtors: Financial Assets Carried at Contract Amounts	7,202	14,247	160,939	167,505
Total	17,367	18,431	196,652	186,951

Liabilities	Long-Term		Current	
	31/03/25	31/03/26	31/03/25	31/03/26
	£'000	£'000	£'000	£'000
Borrowings: Financial Liabilities at Amortised Cost	263,196	261,197	25,541	14,677
Finance Lease Liabilities	54,646	52,827	2,046	2,147
Creditors: Financial Liabilities at Amortised Cost	0	0	26,819	26,162
Total	317,842	314,024	54,406	42,986

There are no expected credit loss calculations for the financial assets. The value of creditors in the table relates to invoices authorised for payment by the Council but remaining unpaid at year-end. This balance is included within the Balance Sheet heading *Short-Term Creditors*.

The majority of the finance lease liabilities relates to the MIM projects which are detailed in note 31.2.

7.2 Income, Expense, Gains and Losses

	2024/25			2025/26		
	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	12,983	0	12,983	14,274	0	14,274
Impairment Losses		0	0	0	0	0
Total Expense in (Surplus) or Deficit on the Provision of Services	12,983	0	12,983	14,274	0	14,274
						0
Interest Income	0	(1,663)	(1,663)	0	(1,039)	(1,039)
Interest Income Accrued on Impaired Financial Assets	0	0	0	0	0	0
Total Income in (Surplus) or Deficit on the Provision of Services	0	(1,663)	(1,663)	0	(1,039)	(1,039)
Net (Gain)/Loss for the Year	12,983	(1,663)	11,320	14,274	(1,039)	13,235

7.3 Fair Value of Assets and Liabilities

Financial liabilities, financial assets (represented by loans and receivables) and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cashflows over the whole life of the instrument at the appropriate market rate for Local Authority loans.
- No early repayment or impairment is recognised.
- Where a financial instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values of the Rhondda Cynon Taf CBC element of financial instruments are as follows:

	31/03/25		31/03/26	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	189,537	162,374	189,314	162,498
Short Term Debt	12,060	12,060	0	0
Market Debt	85,485	80,605	85,478	79,601
Local Authority Debt	0	0	0	0
Other Debt	78	78	77	77
Finance Lease	56,692	56,692	54,966	54,966
Trade Creditors	26,819	26,819	26,162	26,162
Total	370,671	338,628	355,997	323,304

	31/03/25		31/03/26	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	26,644	26,644	14,193	14,193

The fair values for PWLB debt and market debt have been calculated using level 2 in the fair value hierarchy. Please see note 1.10.2 in the accounting policies for the explanation of these levels.

7.4 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

Key Risks

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing and Maturity Risk – the possibility that the Council may be required to renew a financial instrument on maturity at less favourable interest rates or terms.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

7.5 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks. The procedures for risk management are defined in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. This Council complies with these requirements by:

- Formally adopting the requirements of the Code of Practice.

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- By adopting a Treasury Management Policy Statement and Treasury Management Clauses being incorporated into Financial Procedure Rules.
 - Approving annually in advance Prudential and Treasury Indicators for the following three years.
 - Approving an Investment Strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with guidance from the Welsh Government.
 - Approving a Capital Strategy report which provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services along with an overview of the associated risk, its management and the implications for future financial sustainability.

These are required to be reported and approved before the start of the year to which they relate. The Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported in a mid-year review to Members, in addition to a full year review and also included within quarterly performance reports.

Policies are implemented by a corporate Treasury Management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). The TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Treasury Management Strategy and Capital Strategy are available on the Council's website.

7.6 Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers.

This risk is minimised through the Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. Such criteria include credit ratings assigned by credit ratings agencies. The Investment Strategy also imposes a maximum amount and duration to be invested with a financial institution. The Council undertakes appropriate due diligence and puts in place appropriate security arrangements when lending to organisations. There are also other criteria and controls in place regarding counterparty selection, further details of which can be found in the approved Treasury Management Strategy.

The following analysis summarises the potential maximum exposure to credit risk (Rhondda Cynon Taf CBC element only). The default rates give details of the Council's experience of its customer collection levels.

	31/03/26	Historical Experience of Default	Adjustment for Market Conditions at 31/03/26	Estimated Maximum Exposure to Default at 31/03/26	Estimated Maximum Exposure to Default at 31/03/25
	(a)	(b)	(c)	(a*c)	
	£'000	%	%	£'000	£'000
Deposits with Government Departments & Cynon Taf Community Housing	14,193	0	0	0	0
Trade Debtors	22,799	0.38	0.38	87	58

The 0.38% Historical Experience of Default represents debt written off in 2025/26 expressed as a percentage of invoices raised during that year. This percentage is not the basis of the Bad Debt Provision, which is calculated using various percentages designed to reflect the risk of debts of various ages not being collectable, as opposed to the far lower rate of actual write-offs for the year.

Investments with the Debt Management Office and other Government backed public bodies have the rating applicable to Government borrowing.

The Council does not generally allow credit for its trade debtors. However, £10.1m of the £22.8m balance is debt greater than 30 days old. This debt can be analysed as follows:

	31/03/2025	31/03/2026
	£'000	£'000
Less than 3 months	1,847	1,714
3 – 6 months	1,399	1,681
6 months to 1 year	1,094	2,220
More than 1 year	3,053	4,537
Total	7,394	10,152

7.7 Liquidity Risk

The Council manages its liquidity position through effective cash flow management procedures.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer-term funds, it also acts as a lender of last resort to Councils. However, as per the PWLB guidance in August 2021, loans are no longer available to Council's planning to buy investment assets primarily for yield or solely for exploiting commercialisation opportunities. The Council is also required to produce a balanced budget in accordance with the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

7.8 Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits set on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Council's Treasury Management team manage operational risks within approved parameters.

This includes;

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the principal value of the Rhondda Cynon Taf CBC element of financial liabilities is as follows:

	31/03/25	31/03/26
	£'000	£'000
Less than 1 year	22,495	15,864
Between 1 and 2 years	10,421	15,756
Between 2 and 5 years	34,219	35,560
Between 5 and 10 years	26,266	31,582
More than 10 years	192,058	231,863
Total	285,459	330,625

The maturity analysis of financial assets is as follows:

	31/03/25	31/03/2026
	£'000	£'000
Maturity greater than one year	1,900	1,800
Maturity less than one year	24,744	12,393
Total	26,644	14,193

Trade Debtors are not included in the table above.

7.9 Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact upon the Council, depending how variable and fixed rates move across differing financial instrument periods.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy and the Annual Capital Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The Council's Treasury Management team, together with the appointed Treasury Management Advisors, monitor the market and forecast interest rates within the year to adjust the Council's exposures appropriately.

If all interest rates had been 1% higher (with all other variables being constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	1
Increase in interest receivable on variable rate investments	(5)
Impact on Comprehensive Income and Expenditure Statement	(4)
Decrease in fair value of fixed rate borrowing liabilities (no impact on CI&ES)	27,141

The approximate impact of a 1% fall in interest rates would also be as above.

8.0 Short-Term and Long-Term Debtors

An analysis of Short-Term and Long-Term Debtors in the Balance Sheet is as follows:

Short-Term Debtors

31/03/25		31/03/26
£'000		£'000
90,431	Central Government Bodies	91,138
13,175	Other Local Authorities	12,677
8,004	NHS Bodies	13,837
1,506	Public Corporations and Trading Funds	1,178
47,823	Other Entities and Individuals	48,675
160,939	Total	167,505

Long-Term Debtors

31/03/25		31/03/26
£'000		£'000
68	Central Government Bodies	29
175	Other LAs	622
6,959	Other Entities and Individuals	13,596
7,202	Total	14,247

Debtors for Local Taxation

The past due date but not impaired amount for Council Tax can be analysed by age as follows:

2024/25		2025/26
£'000		£'000
5,483	Less than 1 year	6,022
2,645	1 year to 2 years	2,967
1,778	2 years to 3 years	2,015
1,311	3 years to 4 years	1,506
950	4 years to 5 years	1,155
2,472	More than 5 years	3,074
14,639	Total	16,739

9.0 Cash and Cash Equivalents

The Cash and Cash Equivalents are made up of the following elements:

31/03/25		31/03/26
£'000		£'000
9,131	Cash Held by the Council	1,362
(12,464)	Bank Current Accounts	(2,134)
(3,333)	Total Cash and Cash Equivalents	(772)

Short-term cash surpluses are invested in line with the investment strategy and are represented in the Balance Sheet as "Short-Term Investments". Bank Current Accounts represent the position of the bank account as at 31st March 2026 adjusted for unrepresented cheques.

10.0 Short-Term and Long-Term Creditors

An analysis of Short-Term and Long-Term Creditors in the Balance Sheet is as follows:

Short-Term Creditors

31/03/25		31/03/26
£'000		£'000
(4,245)	Central Government Bodies	(30,793)
(92,770)	Other Local Authorities	(39,653)
(5,378)	NHS Bodies	(12,462)
(230)	Public Corporations and Trading Funds	(250)
(84,833)	Other Entities and Individuals	(73,800)
(187,456)	Total	(156,958)

Long-Term Creditors

31/03/25		31/03/26
£'000		£'000
(23,362)	Central Government Bodies	(22,684)
(172)	Other Entities and Individuals	(543)
(23,534)	Total	(23,227)

11.0 Provisions

Provisions are amounts set aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Short-Term Provisions

	Land Purchases and Part 1 Claims	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 31st March 2025	(473)	(1,113)	(1,586)
Additional provisions made in 2025/26	0	(918)	(918)
Amounts used in 2025/26	5	961	966
Unused amounts reversed in 2025/26	0	42	42
Balance at 31st March 2026	(468)	(1,028)	(1,496)

Long-Term Provisions

	Insurance Claims	Joint Committees	Total
	£'000	£'000	£'000
Balance at 31st March 2025	(2,124)	(2,848)	(4,972)
Additional provisions made in 2025/26	(1,721)	0	(1,721)
Amounts used in 2025/26	918	535	1,453
Unused amounts reversed in 2025/26	507	0	507
Balance at 31st March 2026	(2,420)	(2,313)	(4,733)

12.0 Other Short-Term and Long-Term Liabilities

An analysis of Short-Term and Long-Term Liabilities in the Balance Sheet is as follows:

Short-Term Liabilities

31/03/25		31/03/26
£'000		£'000
(953)	Liability under IFRS16	(987)
(1,093)	Mutual Investment Model (MIM)	(1,152)
0	Other	(8)
(2,046)	Total	(2,147)

Long-Term Liabilities

31/03/25		31/03/26
£'000		£'000
(5,960)	Pension Liability (IAS19)	(5,650)
(3,082)	Liability under IFRS16	(2,416)
(51,564)	Mutual Investment Model (MIM)	(50,411)
(661)	Other	(231)
(61,267)	Total	(58,708)

13.0 Usable Reserves

31/03/25			31/03/26
£'000			£'000
9,240	Council Fund Balance	13.1	10,182
118,057	Capital and Investment / Infrastructure Reserves	13.2	145,393
73,930	Other Revenue Related Reserves	13.2	69,486
5,808	Delegated Schools Reserve	13.3	5,284
14,365	Usable Capital Receipts Reserve	13.4	15,959
8,409	Capital Grant Unapplied Account	13.5	10,924
149	MGCC Insurance Reserve		190
229,958	Total Usable Reserves		257,418

13.1 Council Fund Balance

Council Fund Balances are accumulated working balances and relate to general fund services. These exclude “ring-fenced” Council services such as Delegated Schools.

Movements in the Council Fund Balance during 2025/26 were:

	£'000
Council Fund Balance as at 31st March 2025	9,240
Contribution from Revenue Base Budget	1,000
	10,240
In Year Net Overspend	(58)
Council Fund Balance as at 31st March 2026	10,182

13.2 Earmarked Reserves

This note sets out the amounts set aside from the Council Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure in 2025/26. All earmarked reserves are deemed to be revenue reserves.

Capital and Investment / Infrastructure

Reserve	Purpose	Balance at 31/03/25	Transfers Out	Transfers In	Balance at 31/03/26
		£'000	£'000	£'000	£'000
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	88,800	(25,835)	43,041	106,006
Investment / Infrastructure	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough	29,257	(21,871)	32,001	39,387
Total		118,057	(47,706)	75,042	145,393

Other Revenue Related Reserves

Reserve	Purpose	Balance at 31/03/25	Transfers Out	Transfers In	Balance at 31/03/26
		£'000	£'000	£'000	£'000
Revenue Budget Strategy 2025/26	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2025/26 budget.	457	(457)	0	0
Revenue Budget Strategy 2026/27	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2026/27 budget.	0	0	911	911
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	3,632	(3,632)	3,623	3,623
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	2,931	(2,931)	4,154	4,154
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	26,476	(18,795)	14,422	22,103
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	5,958	(1,537)	1,100	5,521
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	20,383	(11,703)	10,449	19,129
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	4,268	(911)	477	3,834
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.	3,778	(1,676)	1,879	3,981
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	3,582	(1,761)	1,944	3,765
Total		73,930	(43,403)	38,959	69,486
Total Earmarked		191,987	(91,109)	114,001	214,879

13.3 Delegated Schools Reserve

Delegated schools are those that are managed independently. As such, these balances are committed to be spent on delegated services and are not available to the Council for general use.

The movements on the reserve are as follows:

	Balance at 31/03/25	Balance at 31/03/26
	£'000	£'000
Delegated Primary Schools	3,984	4,530
Delegated Secondary Schools	290	(805)
Delegated Special Schools	671	755
Delegated All Through Schools	863	804
Total	5,808	5,284

13.4 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve is the proportion of capital receipts that may be used to finance capital expenditure.

The movements on the reserve are as follows:

2024/25		2025/26
£'000		£'000
11,891	Balance as at 1st April	14,365
	<u>Receipts during the year:</u>	
3,090	Sale of assets	736
0	Mortgage repayments	2
1,341	Loan repayments	1,137
	<u>Application during the year:</u>	
(163)	Financing of capital expenditure	(281)
(1,794)	Repayment of debt	0
14,365	Balance as at 31st March	15,959

13.5 Capital Grant Unapplied Account

The Capital Grant Unapplied Account consists of Capital Grants and Contributions received and credited to Comprehensive Income and Expenditure Statement but not yet applied to fund capital expenditure. It represents resources available to fund future capital expenditure. It is assumed that the conditions of grants held within this account will be met.

2024/25		2025/26
£'000		£'000
26,862	Balance at 1st April	8,409
77,122	Grants received	104,193
(95,575)	Grants utilised to fund capital expenditure	(101,678)
8,409	Balance at 31st March	10,924

14.0 Unusable Reserves

These are reserves established as a result of various regulations to ensure costs chargeable to Council Tax are appropriate. They do not represent resources available for the general use of the Council.

31/03/25			31/03/26
£'000			£'000
327,562	Revaluation Reserve	14.1	352,215
807,748	Capital Adjustment Account	14.2	878,860
(5,016)	Financial Instruments Adjustment Account	14.3	(4,340)
(5,945)	Pensions Reserve	14.4	(5,650)
(8,672)	Short-Term Accumulating Compensated Absence Account		(8,493)
1,115,677	Total Unusable Reserves		1,212,592

14.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are;

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25		2025/26					
		RCT		Joint Committees		Total	
		£'000	£'000	£'000	£'000	£'000	£'000
305,825	Balance at 1st April	328,753		(1,191)		327,562	
61,537	Upward revaluation of assets/equity	44,288		170		44,458	
(13,836)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(9,286)		(224)		(9,510)	
353,526	Surplus or Deficit on revaluation of Long-Term Assets not posted to the Surplus or Deficit on the Provision of Services		363,755		(1,245)		362,510
(23,122)	Difference between Current Value Depreciation and Historical Cost Depreciation	(9,446)		0		(9,446)	
(2,842)	Accumulated Gains on Assets sold or scrapped	(849)		0		(849)	
(25,964)	Amount written off to the Capital Adjustment		(10,295)		0		(10,295)
327,562	Balance at 31st March		353,460		(1,245)		352,215

14.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Long-Term Assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

This account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25		2025/26	
£'000		£'000	£'000
748,416	Balance at 1st April	807,748	
	Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(56,147)	Charges for depreciation and impairment of Long-Term Assets*	(52,539)	
(31,826)	Revaluation losses on Property, Plant and Equipment	(10,084)	
(2,771)	Amortisation of Intangible Assets	(2,594)	
(23,420)	Revenue Expenditure Funded from Capital Under Statute	(21,798)	
(16,603)	Amounts of Long-Term Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,483)	
25,964	Adjusted items written out of the Revaluation Reserve	10,295	
1,512	Joint Committee Adjustments	(334)	
645,125	Net written out amount of the cost of Long-Term Assets consumed in the year		729,211
	Capital Financing Applied in the Year:		
163	Use of the Capital Receipts Reserve to finance new Capital Expenditure	281	
99,430	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	107,684	
5,983	Application of grants to capital financing from the Capital Grants Unapplied Account	1,720	
19,074	Statutory provision for the financing of capital investment charged against the Council Fund	18,488	
37,142	Capital Expenditure charged against the Council Fund	22,616	
0	Private Mortgages Repayments	(2)	
2,172	Peppercorn Assets set up	0	
(1,341)	Transfer of Assets	(1,138)	
162,623			149,649
807,748	Balance at 31st March		878,860

* Charges for depreciation and impairment of long-term assets include credits representing reversal of accumulated depreciation and impairment, and debits representing in year changes.

14.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account represents the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with regulations to be charged to the Council Fund Balance. As at 31st March 2026 there was a debit balance of £4.3m (debit balance of £5.0m as at 31st March 2025).

14.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid.

2024/25		2025/26
£'000		£'000
(7,961)	Balance at 1st April	(5,945)
(2,667)	Actuarial gains or (losses) on Pensions Assets and Liabilities	(8,818)
(36,915)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32,757)
41,598	Employer's pensions contributions and direct payments to pensioners payable in the year	41,870
(5,945)	Balance at 31st March	(5,650)

15.0 Cash Flow Statement – Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements

2024/25		2025/26
£'000		£'000
(85,833)	Depreciation and Impairment	(62,622)
(2,771)	Amortisation	(2,593)
(34,910)	(Increase)/Decrease in Creditors	30,805
42,496	Increase/(Decrease) in Debtors	13,611
(259)	Increase/(Decrease) in Stock	(44)
4,682	Movement in Pension Liability	9,113
1,954	Contribution to Provisions	329
(3,304)	Short-Term Accumulated Absence Accrual	179
(16,884)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,483)
(24,370)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	14,514
(119,199)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	1,809

16.0 Cash Flow Statement - Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities

2024/25		2025/26
£'000		£'000
3,090	Proceeds from the sale of Property, Plant & Equipment, Investment Property and Intangible Assets	736
67,215	Any other items for which the cash effects are investing or financing cash flows	95,510
70,305		96,246

17.0 Cash Flow Statement – Interest within Operating Activities

The following table details interest received, and interest paid included within 'Net Cash Flows from Operating Activities' on the Cash Flow Statement.

2024/25		2025/26
£'000		£'000
(1,983)	Interest received	(1,363)
12,983	Interest paid	14,274
11,000	Interest within Operating Activities	12,911

18.0 Cash Flow Statement - Investing Activities

2024/25		2025/26
£'000		£'000
151,779	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	138,031
(33,480)	Purchase and Redemption of Short-Term and Long-Term Investments	(22,247)
(3,090)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	736
(56,463)	Other Receipts from Investing Activities	(95,510)
58,746	Net Cash Flows from Investing Activities	21,010

19.0 Cash Flow Statement - Financing Activities

2024/25		2025/26
£'000		£'000
(13,577)	Cash receipts of Short and Long-Term Borrowing	(30,000)
3,683	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	1,726
10,419	Repayments of Short and Long-Term Borrowing	10,419
(1,253)	Partnership Contributions	0
(728)	Net Cash Flows from Financing Activities	(17,855)

20.0 Notes to the Expenditure and Funding Analysis**20.1 Adjustments between Funding and Accounting Basis 2024/25 (Restated)**

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000s	£'000s	£'000s	£'000s
Chief Executive's Office	(1)	(7)	122	114
Education and Inclusion Services	45,782	(1,893)	(12,761)	31,128
Human Resources	(36)	(124)	1,218	1,058
Corporate Resources	6,657	2,563	(780)	8,440
Housing and Regeneration Services	3,619	(183)	(1,250)	2,186
Legal and Democratic Resources	(85)	(201)	2,033	1,747
Environmental Services	23,417	(698)	1,774	24,493
Community Services	4,874	(768)	(4,588)	(482)
Social Services	2,803	(1,793)	(5,053)	(4,043)
Authority Wide Budgets	(52,306)	4	(398)	(52,700)
Joint Committees	(24)	0	8,533	8,509
Net Cost of Services	34,700	(3,100)	(11,150)	20,450
Other income and expenditure from the Expenditure and Funding Analysis	21,685	(1,590)	(51,718)	(31,623)
Difference between General Fund (surplus) or deficit and CI&ES (Surplus) or Deficit on the Provision of Services	56,385	(4,690)	(62,868)	(11,173)

Adjustments between Funding and Accounting Basis 2025/26

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000s	£'000s	£'000s	£'000s
Chief Executive's Office	0	(20)	(11)	(31)
Education and Inclusion Services	11,037	(4,957)	(18,536)	(12,456)
Human Resources	(24)	(321)	(201)	(546)
Corporate Resources	8,238	2,609	(37)	10,810
Housing and Regeneration Services	5,303	(483)	(1,659)	3,161
Legal and Democratic Resources	(103)	(565)	(73)	(741)
Environmental Services	33,591	(1,827)	(10,566)	21,198
Community Services	5,117	(1,994)	(3,050)	73
Social Services	2,632	(4,635)	(9,333)	(11,336)
Authority Wide Budgets	(37,388)	13	(10,916)	(48,291)
Joint Committees	0	0	5,838	5,838
Net Cost of Services	28,403	(12,180)	(48,544)	(32,321)
Other income and expenditure from the Expenditure and Funding Analysis	(86,058)	(850)	19,638	(67,270)
Difference between General Fund (surplus) or deficit and CI&ES (Surplus) or Deficit on the Provision of Services	(57,655)	(13,030)	(28,906)	(99,591)

Details of the total adjustments above are within the Movement in Reserves Statement.

20.2 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

	2024/25	2025/26
Expenditure	£'000	£'000
Employee Benefits Expenses	428,865	433,486
Other Services Expenses	432,710	436,923
Depreciation, Amortisation and Impairment	118,018	86,934
Interest Payments	12,983	14,272
Precepts and Levies	46,801	50,273
Loss On The Disposal Of Assets	13,513	748
Total Expenditure	1,052,890	1,022,636
Income		
Fees, Charges and Other Service Income	(325,041)	(318,523)
Interest and Investment Income	(1,984)	(1,639)
Net Interest on Net Defined Liability (Asset)	(1,705)	(850)
Income from Council Tax and NNDR	(253,539)	(263,637)
Gain on the Disposal of Assets	0	0
Government Grants and Contributions	(480,794)	(536,636)
Total Income	(1,063,063)	(1,121,285)
(Surplus) or Deficit on the Provision of Services	(10,173)	(98,649)

21.0 Members' Allowances

The Local Authorities (Allowances for Members of County and County Borough Councils and National Parks Authorities) (Wales) Regulations 2002, require authorities to make public their schemes for Members' allowances and to disclose annually amounts paid to each Member under such schemes.

During the year the Council paid the following amounts in respect of basic allowances, special responsibility allowances and dependent care allowances to 75 Members (excluding employer's national insurance contributions, employer's pension contribution and other associated costs).

	2024/25	2025/26
	£'000	£'000
Allowances	1,737	1,829
Expenses	7	7
Total	1,744	1,836

Details of all remuneration and allowances paid annually by the Council to each Councillor and Co-opted Member is published on the Council's website following the end of each financial year.

22.0 Officers' Remuneration

Statutory guidance issued by Welsh Ministers recommends the use of pay multipliers as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

Rhondda Cynon Taf CBC's remuneration ratio is 1:6 (1:6 in 2024/25) with the median earnings being £31,405 (£30,201 in 2024/25). This is the ratio between the Chief Executive's pay and the median earnings of the workforce within the Council, using current pay levels.

Under the Accounts and Audit (Wales) Regulations 2014 (as amended), local authorities must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding employer pension contributions). The disclosure includes redundancy payments.

Remuneration Band	2024/25	2025/26		
	No. of Employees	No. of Employees		
	Total	At 31/03/26	Left in Year	Total
£60,000 - £64,999	158	175	7	182
£65,000 - £69,999	86	104	1	105
£70,000 - £74,999	47	83	3	86
£75,000 - £79,999	48	30	2	32
£80,000 - £84,999	59	50	2	52
£85,000 - £89,999	15	41	1	42
£90,000 - £94,999	7	13	0	13
£95,000 - £99,999	4	4	1	5
£100,000 - £104,999	9	2	1	3
£105,000 - £109,999	3	6	1	7
£110,000 - £114,999	3	7	0	7
£115,000 - £119,999	2	1	1	2
£120,000 - £124,999	1	3	0	3
£125,000 - £129,999	3	0	0	0
£130,000 - £134,999	2	2	0	2
£135,000 - £139,999	0	1	1	2
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	0	0	0	0
£155,000 - £159,999	0	1	0	1
Total	447	523	21	544

The above table is based on full time equivalent posts and does not represent the actual payments to employees.

Officers employed by Voluntary Aided Schools have been excluded.

Salary costs for Joint Committees are not included in the above table but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee salaries has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

With the exception of the Strategic Lead for Education and Inclusion Services (temporary SLT member), the above table excludes specific Senior Officers, disclosed in the following table:

The following table sets out the remuneration for specific Senior Officers;

- Senior Officers whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title.
- Senior Officers whose salary is £150,000 or more on an annualised basis. These are identified by name.
- Employer pension contributions are included.

Post Holder Information (Post Title)	2024/25			2025/26						
	Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions	Salary	Taxable Benefits in Kind	Compensation for Loss of Employment		Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions
						Redundancy / Other Termination Payments	Early Access Costs			
£'000			£'000							
Chief Executive (Paul Mee)	168	32	200	174	0	0	0	174	32	206
Deputy Chief Executive & Group Director Finance, Digital & Frontline Services (& Section 151 Officer) to 31/10/2025	143	27	170	82	0	0	0	82	15	97
Deputy Chief Executive & Group Director Corporate Resources (& Section 151 Officer) wef 01/11/2025	0	0	0	58	0	0	0	58	11	69
Director of Education & Inclusion Services to 31/12/2025	110	21	131	85	0	57	0	142	16	158
Strategic Lead for Education & Inclusion Services wef 05/01/2026 to 15/03/2026	0	0	0	21	0	0	0	21	4	25
Director For Education & Inclusion wef 16/03/2026	0	0	0	5	0	0	0	5	1	6
Director of Human Resources	110	21	131	114	0	0	0	114	21	135
								Continued Overleaf...		

Director of Legal & Democratic Services	110	21	131	114	0	0	0	114	21	135
Director of Legal & Democratic Services - Returning Officer	13	0	13	2	0	0	0	2	0	2
Director of Corporate Estates to 31/10/2025	110	21	131	64	2	52	289	407	13	420
Director of Prosperity & Development to 31/10/2025	110	21	131	66	0	0	0	66	13	79
Director - Housing & Regeneration Services wef 01/11/2025	0	0	0	47	0	0	0	47	9	56
Director of Public Health, Protection & Community Services to 31/10/2025	110	21	131	66	0	0	0	66	13	79
Director - Community Services wef 01/11/2025	0	0	0	46	0	0	0	46	9	55
Director of Highways, Streetcare & Transportation to 31/10/2025	106	20	126	65	0	0	0	65	13	78
Director - Environmental Services wef 01/11/2025	0	0	0	47	0	0	0	47	9	56
Service Director - Democratic Services & Communications to 31/10/2025	78	15	93	47	0	0	0	47	9	56
Service Director - Democratic Services, Welsh Language & Communications wef 01/11/2025	0	0	0	38	0	0	0	38	7	45
Director of Social Services	110	21	131	114	0	0	0	114	21	135

As noted in Section 9 of the Narrative Report, the Council undertook a restructure wef 01/11/2025. Posts noted as being "to 31/10/2025" and "wef 01/11/2025" relate to restructure changes.

The table above represents the Senior Leadership Team for Rhondda Cynon Taf CBC. Disclosure of Senior Officer remuneration of Joint Committees are included in the relevant Joint Committee Statement of Accounts.

23.0 Severance Costs

This note provides details of the cost of severance to the Council in respect of employees who have left the employment of the Council during the financial year (costs do not reflect the value of the severance received by the individual as it includes pension strain). All costs incurred are in line with the Council's relevant and applicable schemes of termination and as required under relevant Pension Fund Regulations where applicable, with each decision being based upon and supported by a business case.

The number and costs (in bandings) of compulsory and other terminations are set out in the table below:

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Cost of Severance	
	£'000							
£	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	44	11	229	169	273	180	1,265	744
£20,001 - £40,000	10	13	46	22	56	35	1,469	993
£40,001 - £60,000	2	0	30	19	32	19	1,604	942
£60,001 - £80,000	3	0	12	8	15	8	1,060	567
£80,001 - £100,000	1	1	17	5	18	6	1,616	525
£100,001 - £150,000	1	0	13	5	14	5	1,809	619
£150,001 - £200,000	0	0	4	4	4	4	677	732
£200,001 - £250,000	0	0	0	1	0	1	0	240
£250,001 - £300,000	0	0	0	0	0	0	0	0
£300,001 - £350,000	0	0	0	1	0	1	0	347
Total	61	25	351	234	412	259	9,500	5,709

During 2025/26, the Council saved annual payroll costs of £4,053k (£7,044k 2024/25) through Voluntary Redundancy and Voluntary Early Retirement. Severance Costs for Joint Committees are not included in the above note but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee severance costs has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

24.0 External Audit Costs

The estimated costs to the Council for financial year 2025/26 in relation to the audit of the Statement of Accounts, for certification of grant claims, statutory inspections and other services provided by the Council's external auditors are set out in the table below:

	2024/25	2025/26
	Actual	Estimated
Fees Payable to the Auditor General for Wales	£'000	£'000
External audit services carried out by the Statutory Auditor for the year	282	297
Local Government Measure Work	110	116
Certification of Grant Claims and Returns for the year	51	52
Total	443	465

25.0 Non-Domestic Rates

The level of Non-Domestic Rates (NDR) is based on a “multiplier” set nationally by the Welsh Government, multiplied by the rateable value of a particular property. This calculation will give the property a rate liability for the year. The multiplier for 2025/26 was 56.8p (56.2p for 2024/25). The Council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to Councils on the basis of a fixed amount per head of population. The total rateable value as at 31st March 2026 was £137.2m (£138.1m as at 31st March 2025).

26.0 Council Tax

Council Tax income derives from charges raised according to the value of residential properties. Charges are calculated by taking the amount of income required for Rhondda Cynon Taf CBC, the Police and Crime Commissioner for South Wales and the Community Councils for the year and dividing this amount by the Council Tax base.

The Council Tax base for 2025/26 was calculated to be £80,440 (compared with £79,697 for 2024/25). This represents the anticipated yield for every £1 of Council Tax levied.

The base is calculated by placing properties in ten bands (A*-I). After allowing for discounts and exemptions, these are then converted to the equivalent number of Band D properties, using the appropriate multiplier as below:

Band	A*	A	B	C	D	E	F	G	H	I
No. of Properties	227	41,003	22,703	15,293	8,825	6,668	3,288	1,095	187	34
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

The resultant number of Band D properties is reduced by a percentage to reflect anticipated non-collection. The target collection rate for 2025/26 was 97.25%.

An analysis of the net proceeds from Council Tax is shown as follows:

Council Tax Analysis	2024/25	2025/26
	£'000	£'000
Council Tax Collectable	167,561	177,802
Net Proceeds from Council Tax	167,561	177,802
Less Payable:		
Police and Crime Commissioner for South Wales	(28,107)	(30,460)
Community Councils	(2,770)	(2,987)
Total	136,684	144,355

27.0 Grant Income

The following grants, contributions and donations were credited to the Comprehensive Income and Expenditure Statement in 2025/26:

27.1 Credited to Services

A number of grants and contributions have been recognised as income within Net Cost of Services. This income amounts to £276m in 2025/26 (in 2024/25 these grants and contributions amounted to £273m).

27.2 Capital Grants Receipts in Advance

All Capital Grants received have been recognised as income within the Comprehensive Income and Expenditure Statement.

28.0 Agency Transactions

There have been a number of grants or areas of financial support that the Council has been asked to administer on behalf of Welsh Government. These have been accounted for as an agency arrangement. The following table lists the schemes and the amount received:

2024/25	Scheme	2025/26
£'000		£'000
239	Ukraine Sponsor Payments	160
4	Ukrainian Support £200 Fixed Fee	4
27	Ukrainian Sponsor Payments (WG)	10
270	Total	174

29.0 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to

operate independently or might have secured the ability to limit another party's ability to bargain freely.

29.1 Welsh Government

The Welsh Government is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills). Transactions between the Council and Welsh Government are as follows:

	2024/25	2025/26
	£'000	£'000
Non-Ringfenced Government Grants	(407,021)	(439,963)
Capital Grants and Contributions	(72,502)	(90,301)
Credited to Services	(209,017)	(213,849)
Total	(688,540)	(744,113)

29.2 Chief Officers and Members

Members of the Council

Under the Code of Conduct incorporated in the Council's Constitution, Members are required to record in the Register of Members Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The Register is open to inspection by the public and is available on an individual Member basis on the Council website.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Borough Council. Membership details are available from the Service Director - Democratic Services, Welsh Language & Communications, Lllys Cadwyn 2, Pontypridd.

During 2025/26 there were no Members identified as having a controlling interest in any company commissioned to supply works or services to the Council of any material value. However, Members have identified interests with organisations with which the Council has had financial transactions during 2025/26. The value of these transactions amounted to payments of £6,820k (£4,298k in 2024/25), of which £336k was outstanding at year end (£176k in 2024/25), and receipts of £352k (£440k in 2024/25), of which £68k was outstanding at year end (£41k in 2024/25).

A Member of the Council declared that a relative is a director within a transport company that leases a Council owned property. In respect of the same organisation, another Member declared they are an employee and another Member declared they are an observer as part of Board meetings. Payments to the company amount to £21k (£2,398k in 2024/25) with no balances outstanding at 2025/26 or 2024/25 year end,

and receipts of £993k (£900k in 2024/25), of which nil was outstanding (nil in 2024/25). The Members did not take part in any decisions relating to the services.

Chief Officers (Senior Leadership Team)

Under the Employees' Code of Conduct, Officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere.

The Council has transactions with a construction company that carries out work on Council owned properties. A Member of the Senior Leadership Team (Left 31st October 2025) of the Council declared that a relative is a director of the company. The value of these transactions amounted to payments of £188k (£2,579k in 2024/25), of which nil was outstanding at year end (£44k in 2024/25), with no receipts (nil in 2024/25). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with a South Wales based Electrical and Renewables contractor that carries out work for the Council. A Member of the Senior Leadership Team (Left 31st October 2025) of the Council declared that a relative is a director of the company. The value of these transactions amounted to payments of £510k (£466k in 2024/25) of which nil was outstanding at year end (£26k in 2024/25), with no receipts for 2025/26 or 2024/25. The Officer did not take part in any discussion, decision or administration relating to the services.

The Deputy Chief Executive/Group Director – Corporate Resources has delegated authority for RCT Pension Fund matters and is a Director of the shadow board of the Wales Pension Partnership Investment Management Company.

There were no other related party transactions for members of the Senior Leadership Team.

29.3 Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Comprehensive Income and Expenditure Statement.

An analysis of precepts is given in the following table:

	2024/25	2025/26
	£'000	£'000
Police and Crime Commissioner for South Wales	28,107	30,460
Community Councils	2,770	2,987
Total	30,877	33,447

An analysis of levies is given in the following table:

	2024/25	2025/26
	£'000	£'000
South Wales Fire and Rescue Service	14,865	15,667
Coroner	779	879
Bannau Brycheiniog National Park	53	55
Glamorgan Archives Joint Committee	227	225
Total	15,924	16,826

29.4 Rhondda Cynon Taf Pension Fund

The Deputy Chief Executive & Group Director – Corporate Resources is also the responsible Finance Officer to the Rhondda Cynon Taf Pension Fund. The Council charged the Pension Fund an amount of £2.0m (£2.0m in 2024/25) in respect of administration and support during financial year 2025/26. The amount owed from the Council to the Pension Fund as at 31st March 2026 is nil (nil as at 31st March 2025).

29.5 Associated and Subsidiary Companies

The Council has an interest in three companies: namely; Amgen Cymru Ltd., Amgen Rhondda Ltd. and Redstart Ltd (WSP Glamorgan Consultancy Ltd). Officers of the Council are directors of these companies. During 2025/26 the following related party transactions took place with these companies.

Amgen Cymru Ltd.

The Council paid Amgen Cymru £13,787k (£11,236k in 2024/25) in respect of waste management and waste disposal charges, with £1,650k (£1,788k in 2024/25) due to the company at the year-end. Amgen Cymru paid the Council £1,193k (£943k in 2024/25) in respect of goods and services, with £134k (£311k in 2024/25) due to the Council at the year-end.

In December 2019, Amgen Cymru's new Materials Recycling Facility (MRF) was opened which was jointly funded by Rhondda Cynon Taf CBC and Cynon Valley Waste Disposal Company Limited (CVWDCL) (trading as Amgen Cymru). The total cost of the asset was £10,518k with RCTCBC funding £6,128k and the remaining £4,390k funded from CVWDCL. As ultimate parent undertaking of CVWDCL, Rhondda Cynon Taf CBC provided a loan for the £4,390k over a 10 year period at market rates. As at 31st March 2026 £1,646k was outstanding (as at 31st March 2025 £2,085k was outstanding).

Amgen Rhondda Ltd.

The Council paid Amgen Rhondda £175k (£176k in 2024/25) in respect of site management fees, with nil outstanding at 31st March 2026 (nil in 2024/25). Amgen Rhondda paid the Council £9k (£5k in 2024/25), with nil outstanding at 31st March 2026 (£6k in 2024/25).

WSP Glamorgan Consultancy Ltd. (formerly Capita Glamorgan Consultancy Ltd.) Redstart Ltd

WSP Glamorgan Consultancy Ltd is a Joint Venture between WSP and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 27.93% of the shares of the company and holds voting rights to this value on the board. A Rhondda Cynon Taf Council officer is a director on the board.

The company was wound down during 2025/26 whilst the residual matters were concluded.

During 2025/26, the Council was charged £1,757k (£3,083k in 2024/25) in respect of goods, services and capital works. The balance owed to WSP Glamorgan Consultancy Ltd at 31st March 2026 was nil (£406k in 2024/25).

WSP Glamorgan Consultancy Ltd paid the Council £3k (nil in 2024/25) in respect of goods and services, with £3k (nil in 2024/25) due to the Council at the year-end.

29.6 Joint Committees

The Council participates in the following Joint Committees.

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee has 16 members in total. There are 4 Rhondda Cynon Taf CBC Members on the Joint Committee.

During 2025/26, the Council contributed to the Joint Committee an amount of £225k (£227.5k in 2024/25). This was calculated proportionately based upon population.

Llwydcoed Crematorium

Llwydcoed Crematorium is subject to the control of a Joint Committee of Members from Rhondda Cynon Taf CBC and Merthyr Tydfil CBC.

During 2025/26, the Council charged Llwydcoed Crematorium £51k (£50k in 2024/25) in respect of central establishment charges. As at 31st March 2026 the Council held cash balances relating to the Crematorium of £1,251k (£1,193k in 2024/25).

Education School Improvement Service (ESIS)

ESIS became non-operational from 1st September 2012 and was administered by a Joint Committee comprising Bridgend, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. Exit agreement negotiations are ongoing.

Central South Consortium Joint Education Service (CSCJES) to 31/08/2025

The Central South Consortium Joint Education Service provided a range of school improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

The Council have consolidated 27.29% of the assets, liabilities and transactions of CSCJES into its financial statements for 2025/26 from the 5 month Statement of Accounts for CSCJES.

The Council received income of £112k from CSCJES in respect of advisory and training services (£53k in 2024/25), and charged CSCJES £72k (£174k in 2024/25) in respect of central establishment charges. The Council also paid CSCJES expenditure of £984k (£2,755k in 2024/25). As part of the Joint Committee consolidation process, offsetting transactions and balances are removed from the accounts to ensure individual values are not overstated, and the Council received £130k from the Joint Committee being its share of the residual balances.

Further to the outcome of Welsh Government's review of school improvement services (the 'Middle Tier Review'), the Cabinets of the 5 local authorities that comprise the CSCJES agreed that the delivery of school improvement functions be undertaken by the individual local authorities and the model for Professional Learning and Support continues to be organised and delivered across the CSCJES regional footprint (i.e. the new Regional Professional Learning and Support Service).

In line with the agreed way forward the new Regional Professional Learning and Support Service arrangement was in place from 1st September 2025. The new service will be governed by an inter authority collaborative agreement and no longer subject to the governance requirements of a joint committee.

Further to the audit of the CSCJEC 5 months accounts, residual balances have been distributed to the relevant authorities.

The Joint Committee balances have been written out of the Council's consolidated accounts for 2025/26.

Coychurch Crematorium

Coychurch Crematorium is owned and operated by a Joint Committee on behalf of Bridgend CBC, the Vale of Glamorgan Council and Rhondda Cynon Taf CBC.

At 31st March 2026 there were no outstanding balances between the Council and Coychurch Crematorium (no balances outstanding as at 31st March 2025).

Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)

The Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC) became operational on 1st June 2015 and is administered by the Vale of Glamorgan Council. It is comprised of the adoption services of the Vale of Glamorgan Council, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Cardiff City and County Council. It is one of

five regional Collaboratives which form part of the National Adoption Service in Wales (NAS).

During 2025/26, the Council contributed £579k to the Vale, Valleys and Cardiff Regional Adoption Collaborative (£563k in 2024/25).

South East Wales Corporate Joint Committee (SEWCJC) formerly Cardiff Capital Region City Deal (CCRCD)

On 15th March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal, an agreement between the UK Government, the Welsh Government and the ten Councils to develop and manage £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund.

From 1st April 2024, the activities of CCRCD transitioned to the South East Wales Corporate Joint Committee (SEWCJC), a regional corporate body with broadly similar powers and duties to local authorities.

The Council consolidates 15.77% of the assets, liabilities and transactions of CCRCD into its financial statements.

During 2025/26, there was a revenue contribution to SEWCJC of £202k (£202k in 2024/25), there was a nil capital contribution (nil in 2024/25).

29.7 Partnership Agreement

Biogen Tomorrow's Valley Food Waste Plant

The Biogen Food Waste Plant became fully operational on the 19th July 2015. The 3 local authorities who form the Hub (Rhondda Cynon Taf CBC, Merthyr CBC and Newport City Council) send a combined annual contracted guaranteed minimum tonnage of 13,500 tonnes to be treated at the facility. In 2025/26 a total amount of £1,321k (£1,225k in 2024/25) associated costs have been incurred by the parties, of which RCT's associated costs in 2025/26 were £747k (£683k in 2024/25), with Welsh Government contributing £124k (£124k in 2024/25) of grant funding.

29.8 Other Related Parties

Trivallis

Trivallis is one of Wales' largest registered social landlords providing homes for thousands of families in Rhondda Cynon Taf. There is 1 Rhondda Cynon Taf CBC Member on the board of Trivallis. Two other members expressed a relationship.

During 2025/26, the Council paid Trivallis £1,084k (£1,143k in 2024/25) and received income of £1,306k (£1,586k in 2024/25). At year-end, Trivallis owed £426k to the Council (£57k in 2024/25).

Cynon Taf Community Housing Group

The Council holds a commercially agreed loan with Cynon Taf Community Housing Group. The balance outstanding at 31st March 2026 is £1.9m (£2.0m as at 31st March 2025).

30.0 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR) - a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25	2025/26
	£'000	£'000
Opening Capital Financing Requirement	514,322	572,667
Capital Investment:		
Property, Plant & Equipment	184,570	114,082
Intangible Assets	4,497	4,321
Revenue Expenditure Funded from Capital Under Statute	23,420	20,487
	212,487	138,890
Sources of Finance:		
Leases	(2,172)	(147)
Donated Asset	(16)	0
Capital Receipts	(163)	(281)
Capital Development Fund	(4,548)	(2,714)
Government Grants and Other Contributions	(95,575)	(101,678)
	(102,474)	(104,820)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(32,594)	(19,902)
Minimum Revenue Payment	(19,074)	(18,487)
	(51,668)	(38,389)
Closing Capital Financing Requirement	572,667	568,348
Explanation of Movements in Year		
Increase/(Decrease) in underlying need to borrowing supported by government financial assistance	(1,355)	(1,478)
Increase in underlying need to borrowing (unsupported by government financial assistance)	4,989	(1,115)
Finance Leases and MIM liabilities	54,711	(1,726)
Increase/(Decrease) in Capital Financing Requirement	58,345	(4,319)

31.0 Leases

31.1 The Council as a Lessee:

The Council's lease contracts comprise of operational land and buildings, plant and equipment and vehicles.

This table shows the change in the value of right-of-use assets held under leases by the authority, where the Council is lessee:

	2025/26		
	Land and Buildings	Vehicles, Plant and Equipment	Total
	£'000	£'000	£'000
Balance at 1st April	4,752	1,661	6,413
Additions	329	150	479
Revaluations	79	0	79
Disposals	0	(145)	(145)
Depreciation and Amortisation	(566)	(545)	(1,111)
Balance at 31st March	4,594	1,121	5,715

The Authority incurred the following expenses and cash flows in relation to leases:

Transactions under Leases	2024/25			2025/26		
	Land and Buildings	Vehicles, Plant and Equipment	Total	Land and Buildings	Vehicles, Plant and Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement						
Interest Expense on Lease Liabilities	113	80	193	98	50	148
Expense Relating to Short-Term Leases	27	105	132	18	216	234
Expense Relating to Exempt Leases of Low-Value Items	8	746	754	13	513	526
Cash Flow Statement						
Total Cash Outflow for Leases	126	1,508	1,634	456	1,371	1,827

The following table shows the maturity analysis of lease liabilities as at 31st March 2026, presenting the undiscounted cash flows over the remaining periods for which the lease liabilities are expected to be settled. This analysis includes both finance lease liabilities and lease liabilities arising from right-of-use assets:

	Minimum Lease Payments 2024/25		Finance Lease Liabilities 2024/25		Minimum Lease Payments 2025/26		Finance Lease Liabilities 2025/26	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Less than 1 year	421	663	338	613	422	679	326	661
1 to 5 years	1426	1087	1180	1060	1295	421	1006	415
Greater than 5 years	929	0	844	0	2011	0	995	0
Total	2,776	1,750	2,362	1,673	3,728	1,100	2,327	1,076

31.2 MIM (Mutual Investment Model)

MIM schemes are projects for the design, build, finance and maintenance of public sector assets by a private sector partner. The private sector partner for this Council is WEPCO. At the end of the 25 year contract, the assets will be transferred into Council ownership. In return, the Council makes annual service payments, which cover the cost of construction, maintenance, lifecycling and financing of the project. Schools funded under the MIM are recognised as Long Term Assets on the Balance Sheet along with the liability for the unindexed (capital) element of the Annual Service Charge (ASC). The capital element of the ASC (initial 70% unindexed) is split between MRP and interest and the service charge (initial 30% indexed) is charged to revenue annually. Welsh Government fund 85.6% of the total ASC. The following table shows the maturity of these payments:

	MIM (Mutual Investment Model)							
	Finance Liability 2024/25	Interest Payment 2024/25	Service Charges 2024/25	Total 2024/25	Finance Liability 2025/26	Interest Payment 2025/26	Service Charges 2025/26	Total 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 Year	1,093	2,837	2,096	6,026	1,152	2,778	2,159	6,089
Within 2-5 years	4,993	10,726	8,383	24,102	5,262	10,457	8,634	24,353
Within 6-10 Years	7,912	11,737	10,478	30,127	8,337	11,311	10,793	30,441
Within 11-15 Years	10,285	9,364	10,478	30,127	10,839	8,810	10,793	30,442
Within 16-20 Years	13,371	6,278	10,478	30,127	14,091	5,558	10,793	30,442
Within 21-25 Years	15,004	2,228	9,189	26,421	11,882	1,420	7,307	20,609
Total	52,658	43,170	51,102	146,930	51,563	40,334	50,479	142,376

31.3 Sub-Leases

The Council has sub-let buildings. Non-cancellable sub-lease payments are expected to be received until expiry of the lease agreement, as shown in the table below:

	2024/25	2025/26
	£'000	£'000
Less than 1 year	355	511
1 to 5 years	1,017	1,153
Greater than 5 years	657	1,003
Total	2,029	2,667

31.4 Operating Leases with Council as Lessor

The Authority has entered into a number of operating leases with lessees in respect of land and buildings. The total future annual lease payments due to the Authority are as follows:

	2024/25	2025/26
	£'000	£'000
Less than 1 year	2,713	2,842
1 to 5 years	10,019	9,753
Greater than 5 years	6,049	7,636
Total	18,781	20,231

32.0 Impairment Losses

During 2025/26, the Council has recognised an impairment loss of £32.7m (a loss of £19m in 2024/25) in relation to its Long-Term Assets. This impairment charge is included within the Long-Term Asset note 6.1, which also includes reversal of impairment from previous years.

33.0 Retirement Benefits - Defined Benefit Schemes

33.1 Participation in Pension Schemes

As part of their terms and conditions Members and Officers are offered retirement benefits by the Council. Although these benefits will not actually be payable until retirement, the Council has a commitment to make these payments. The liability for these payments needs to be accounted for at the time the future entitlement is earned.

The Council participates in two pension schemes:

- Teachers - Please refer to note 34.0.
- Other Employees and Members - The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit career average scheme. The Council and participants pay contributions into the fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Council's accounts are defined by IAS 19 "Employee Benefits".

The consolidated Joint Committees charge pension costs to their accounts in line with IAS 19. The Rhondda Cynon Taf CBC share of these entries are consolidated into the financial statements and disclosed in the following notes.

33.2 Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	2024/25 £'000	2025/26		
		RCT £'000	Joint Comm's £'000	Total £'000
<i>Cost of Services:</i>				
Current Service Cost	35,310	24,780	102	24,882
Past Service Cost	3,310	4,580	200	4,780
Settlements	0	0	3,948	3,948
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest Expense	(1,705)	(14,170)	(90)	(14,260)
Interest on Unrecognised Asset		13,320	86	13,406
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	36,915	28,510	4,247	32,757
Remeasurement of the Net Defined Benefit Liability Comprising:				
Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	58,556	(92,960)	(488)	(93,448)
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(10,652)	(17,830)	(209)	(18,039)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(257,820)	16,800	34	16,834
Actuarial (Gains) and Losses Arising on Liabilities - Experience	22	19,530	96	19,626
Net Increase in Liabilities from Disposals/Acquisitions	0	0	0	0
Surplus Restriction	212,561	87,180	(3,336)	83,844
Total Post Employment Benefit Charged to the Comprehensive Income	39,583	41,230	343	41,573
Movement in Reserves Statement:				
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(36,915)	(28,510)	(4,247)	(32,757)
<i>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</i>				
Employers' Contributions Payable to Scheme	41,597	41,540	330	41,870

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31st March 2026 is a loss of £8.8m (£2.7m loss in 2024/25).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the year ending 31st March 2026 is a gain of £650.1m.

33.3 Reconciliation of Present Value of the Scheme Liabilities

	2024/25 £'000	2025/26		
		RCT £'000	Joint Comm's £'000	Total £'000
Opening Balance at 1st April	1,508,220	1,283,140	6,193	1,289,333
Joint Committee Opening Balance Adjustment	0	0	316	316
Adjusted Opening Balance at 1st April	1,508,220	1,283,140	6,509	1,289,649
Current Service Cost	35,310	24,780	102	24,882
Interest Cost on Defined Obligation	70,878	72,870	169	73,039
Contributions by Scheme Participants	12,436	12,860	80	12,940
Remeasurement (Gains) and Losses:				
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(10,652)	(17,830)	(209)	(18,039)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(257,820)	16,800	34	16,834
Actuarial (Gains) and Losses Arising on Liabilities - Experience	21	19,530	96	19,626
Benefits Paid	(72,372)	(68,080)	(84)	(68,164)
Past Service Costs	3,310	4,580	200	4,780
Entity combinations	0	0	0	0
Curtailments	0	0	0	0
Net Increase in Liabilities from Disposals/Aquisitions	0	0	0	0
Settlements	0	0	(6,343)	(6,343)
Consolidation Adjustment	0	0	0	0
Closing Balance at 31st March	1,289,333	1,348,650	554	1,349,204

33.4 Reconciliation of Fair Value of the Scheme Assets

	2024/25 £'000	2025/26		
		RCT £'000	Joint Comm's £'000	Total £'000
Opening Balance at 1st April	1,520,661	1,506,850	9,500	1,516,350
Joint Committee Opening Balance Adjustment	0	0	412	412
Adjusted Opening Balance at 1st April	1,520,661	1,506,850	9,912	1,516,762
Interest Income	72,583	87,040	259	87,299
Remeasurement (Gains) and Losses:		0	0	
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(58,556)	92,960	488	93,448
Employer Contributions	41,598	41,540	330	41,870
Contributions by Scheme Participants	12,436	12,860	80	12,940
Benefits Paid	(72,372)	(68,080)	(84)	(68,164)
Entity Combinations	0	0	0	0
Net Increase in Liabilities from Disposals/Acquisitions	0	0	0	0
Settlements	0	0	(10,291)	(10,291)
Closing Balance at 31st March	1,516,350	1,673,170	694	1,673,864

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £180.69m (£14.03m gain in 2024/25).

33.5 Scheme History

	2021/22 Inc Joint Comm's £'000	2022/23 Inc Joint Comm's £'000	2023/24 Inc Joint Comm's £'000	2024/25 Inc Joint Comm's £'000	2025/26 Inc Joint Comm's £'000
	£'000	£'000	£'000	£'000	£'000
Present Value of the Defined Obligation	(2,107,141)	(1,504,670)	(1,508,220)	(1,289,333)	(1,349,204)
Fair Value of Plan Assets	1,502,181	1,377,719	1,520,661	1,516,350	1,673,864
Unrecognised Asset	0	0	(20,402)	(232,963)	(330,309)
Surplus/(Deficit)	(604,960)	(126,951)	(7,961)	(5,945)	(5,650)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £6m has a substantial impact on the Net Worth of the Council as recorded in the Balance Sheet. However,

statutory arrangements for funding the deficit mean that the financial position of the Council is not impacted upon. The deficit on the local government scheme will be made good in line with actuarial assumptions.

33.6 Local Government Pension Scheme Assets

As at 31st December 2025, the Rhondda Cynon Taf Pension Fund Assets used in IAS19 calculations comprised of:

Fair Value of Scheme Assets		
	2024/25	2025/26
	£'000	£'000
UK Equities	159,387	164,929
Overseas Equities	3,014,977	3,384,370
UK Fixed Interest Gilts	530,651	558,089
UK Corporate Bonds	719,179	769,801
Property	296,374	311,681
Infrastructure	129,971	156,543
Cash and net current assets	25,590	12,238
Total	4,876,129	5,357,651

33.7 Basis for Estimating Assets and Liabilities

Roll-forward of Assets

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to the accounting year-end allowing for:

- Investment returns, and
- Cash-flows including investment returns on those cashflows.

The asset value at the start of the accounting period is accumulated with the Fund investment return over the accounting period. Net cashflows are assumed to be paid halfway through the period and accrue half of the Fund investment return over the period.

Roll-forward of Liabilities

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to allow for the later calculation date (by adding interest to the liabilities) and make allowance for changes in liabilities due to:

- The accrual of new benefits and the discharge of liabilities from the payment of benefits.
- The financial and demographic assumptions adopted at the year-end.
- The impact of any known experience affecting the liabilities, such as the impact of actual pension increases on pensions in payment and deferred benefits.
- If applicable, the impact of events which result in a change in the liability such as past service costs, settlements and curtailments.

The full valuation was based on funded benefits and the principal assumptions used by the actuary have been:

	31/03/25	31/03/26
Long-Term Expected Rate of Return on Assets in the Scheme:	4.30%	4.75%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.9	21.7
Women	23.7	24.4
Longevity at 65 for future pensioners:		
Men	21.8	22.5
Women	24.8	25.2
Rate of inflation (RPI)		
Rate of inflation (CPI)	2.5%	2.8%
Rate of increase in salaries	3.75%	4.05%
Rate of increase in pensions	2.5%	2.8%
Rate for discounting scheme liabilities	5.8%	6.2%
Take-up of option to convert annual pension into retirement lump sum	85%	85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

	RCT		Joint Committees		Total	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	£'000	£'000	£'000	£'000	£'000	£'000
Longevity (Increase or Decrease in 1 Year)	29,550	(29,550)	145	(152)	29,695	(29,702)
Rate of Increase in Salaries (Increase or Decrease by 0.1%)	1,340	(1,340)	14	(14)	1,354	(1,354)
Rate of Increase in Pensions (Increase or Decrease by 0.1%)	18,800	(18,800)	99	(93)	18,899	(18,893)
Rate for Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	(20,140)	20,150	(107)	114	(20,247)	20,264

33.8 Contributions for the Accounting Period ending 31st March 2026

The Employer's regular contributions to the Fund for the accounting period 31st March 2027 are estimated to be £32.4m. In addition, "strain on fund" contributions may be required.

Further information can be found in the Pension Fund Annual Report, which is on the [RCT Pension Fund website](#) and also available on request from the Deputy Chief Executive & Group Director – Corporate Resources, Oldway House, Porth, Rhondda, CF39 9ST.

34.0 Retirement Benefits - Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £29.3m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2024/25 were £27.9m, representing 28.68% of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded,

together with related increases. In 2025/26 these amounted to £635k (£674k in 2024/25).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

35.0 Contingent Liabilities

35.1 Insurance

The Council is liable for insurance claims made against it in respect of certain events. A provision is made in respect of claims received as at 31st March 2026. There is a further contingent liability in respect of events which will have occurred, but which have not resulted in a claim being made as at the date of the accounts. The "statute of limitation" sets out the timescale by which a claim will have to be made in respect of such past events. An earmarked reserve has been set up to provide towards the costs of these incidents.

Due to the volume and differing circumstances of each potential claim it is impractical to provide an estimate of the possible financial effect. Similarly, it is impractical to provide an indication of uncertainties relating to the amount and timing of such liabilities.

Insurance claims are also referenced in note 4.2.

35.2 Municipal Mutual Insurance Ltd.

The former authorities of Rhondda Borough Council, Cynon Valley Borough Council, Taff Ely Borough Council and Mid Glamorgan County Council are creditors of Municipal Mutual Insurance Ltd. (MMI). MMI ceased to write new insurance business from 30th September 1992 and a Scheme of Arrangement was put in place in January 1994. The scheme was set up to ensure an orderly run off of claims in the event of MMI not being solvent. As creditors of MMI, the Council is legally bound by the Scheme and in November 2012, the scheme was triggered.

Future claim settlements by MMI will be made at a level of 75% with the funding of the remaining 25% being met from the former authorities' funds. Correspondence from the scheme administrator states that it is not possible to guarantee that the initial and second levy, paid in February 2014 and May 2016, will be sufficient but they are the best estimates given the current position. The scheme requires the administrator to review the Levy at least once a year. Given the uncertainty regarding how sufficient the initial clawback will be, a contingent liability exists as the Council could be subject to further clawback dependent upon the resources of MMI, the insurer.

35.3 Pensions Asset / Liability

In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the Trustees to obtain the Scheme's actuary confirmation that a Scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments. Without this confirmation (sometimes referred to as a section 37 confirmation, by reference to section 37 of the Pension Schemes Act 1993, which sets out that scheme rules can only be altered as prescribed in the relevant regulations), the amendment may be void and ineffective. The Court of Appeal upheld the original decision.

In June 2025 the Department for Work and Pensions published the Government's intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards, resulting in the removal of risk of additional scheme obligations. Although the Government's intention has been published, until legislation is enacted, there remains a degree of uncertainty regarding scheme obligations and a contingent liability disclosure is appropriate. In addition to the uncertainty of a potential liability, any value of a possible obligation cannot be measured with sufficient reliability.

36.0 Trust Funds

The Council acts as sole trustees for various charities. Separate accounts are maintained for these. Net assets as at 31st March 2026 are shown as follows and are not included in the Council's Balance Sheet. The 2025/26 figures for Welsh Church Act are draft, subject to audit.

	Description	31/03/25	31/03/26
		£'000	£'000
Education & Miscellaneous	Various funds established for educational and community benefits	286	287
Rhondda Cynon Taf Charity for the Visually Impaired	Fund established for the benefit of visually impaired citizens	14	14
Welsh Church Act Fund	Fund established under the Welsh Church Act for various charitable aims within the counties of Rhondda Cynon Taf, Merthyr Tydfil and Bridgend	13,544	12,602

37.0 Pooled Budgets

The Council has entered into a pooled budget with Cwm Taf Morgannwg University Health Board, Merthyr Tydfil CBC and Bridgend CBC for the provision of care home accommodation. The Council and its partners have an agreement in place for funding these services, with the Council contributing funds to an agreed budget equal to 43% in 2025/26 (44% in 2024/25). The same proportion is used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year. The pooled budget is hosted by the Council on behalf of the other partners to the agreement.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
Funding provided to the pooled budget:				
Rhondda Cynon Taf	(33,414)		(35,679)	
Other Partners	(42,838)		(45,876)	
Balance c/f	(252)		(431)	
Other Income Received	(186)		(201)	
		(76,690)		(82,187)
Expenditure met from the pooled budget:				
Total Expenditure	76,258		81,555	
		76,258		81,555
Net (Surplus)/Deficit arising on the pooled budget during the year		(432)		(632)
Rhondda Cynon Taf share of net (Surplus)/Deficit arising on the pooled budget		(190)		(272)

The 2025/26 figures are draft, subject to audit by Audit Wales.

Group Accounts

1. Introduction

To reflect the nature of service provision in the public sector, all local authorities are required to prepare a full set of group financial statements, in addition to their single entity accounts, where they hold material interests in subsidiaries, associates or joint ventures.

The Group Accounts Statements comprise:

- Statement of Group Accounting Policies.
- Group Movement in Reserves Statement.
- Group Comprehensive Income and Expenditure Statement.
- Group Balance Sheet.
- Group Cash Flow Statement.

2. Bodies Consolidated

Following a review of the Council's activities, the following have been identified as group companies and have been consolidated into the group financial statements:

- **Amgen Cymru Ltd.** - This company was set up by the former Cynon Valley Borough Council as an arm's-length company under the 1990 Environment Act. It is registered as "Cynon Valley Waste Disposal Company Limited" but trades as "Amgen Cymru Ltd.". The principal activities of the company are the provision of recycling services and waste disposal facilities. The Council has a 100% interest in the company of £2.8m. The company is a subsidiary of the Council.
- **Amgen Rhondda Ltd.** - This company was set up during September 1999 as a wholly owned subsidiary of Amgen Cymru Ltd. The principal activity of the company continues to be that of the stewardship of a closed landfill site and associated opportunities for income recognition. In April 2005 the company entered into a formal stewardship agreement with Rhondda Cynon Taf CBC, which provides for the remediation and long-term stewardship of the facility in conjunction with the shareholder.

Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda Ltd., and is therefore classed as a subsidiary.

The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd.

The individual financial statements of Cynon Valley Waste Disposal Company and Amgen Rhondda Ltd. have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102 (FRS102).

Statement of Group Accounting Policies

The group financial statements have been prepared in accordance with the accounting policies adopted for the single entity accounts, with the exception of the following items:

1. Long-Term Assets (Subsidiary Companies)

Certain Long-Term Assets of Amgen Cymru Ltd. and Amgen Rhondda Ltd. are valued in the company Balance Sheets at depreciated historical cost. This accounting policy is not consistent with that used by the Council. However, as the land and buildings are specialist assets used in the running of a waste disposal facility, and in the case of landfill cells a distinct class of asset not currently held by the Council, they have been consolidated into the Group Balance Sheet on this basis.

2. Basis of Charges for use of Long-Term Assets

Depreciation is charged to services on a straight-line basis and included within the Cost of Services in the Group Comprehensive Income and Expenditure Statement.

3. Basis of Consolidation

It is a requirement that Group Accounts are prepared using consistent accounting policies, which can differ between company and local authority accounts. The main differences between these accounts are:

- Long-term asset valuations. These should be based on the measurement principles given in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 based on International Financial Reporting Standards, which generally means assets are carried at a current valuation.
- Criteria for assessing cash equivalents: Short term lending of surplus balances investments are treated as cash at bank in the company accounts but as Short Term Investments in the local authority accounts

The accounts of Amgen Cymru and Amgen Rhondda have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value.

Subsidiary companies are consolidated into the group statements using the acquisition method. Based on materiality, the associate company, WSP Glamorgan Consultancy Ltd., is not consolidated.

Group Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Group, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves”. The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the Group’s services on an International Financial Reporting Standards basis, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting. The Net (Increase) or Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Group Movement in Reserves Statement for the year ending 31st March 2025

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2024	10,240	119,532	78,495	7,820	11,891	26,862	163	255,003	1,038,895	1,293,898	1,983	1,295,881
Adjustments on transition to new accounting arrangements for leases	(2,172)	0	0	0	0	0	0	(2,172)	2,172	0	0	0
Movement in reserves during 2024/25												
Total comprehensive income and expenditure	(10,202)	0	7,635	0	0	0	0	(2,567)	46,950	44,383	9,939	54,322
Adjustments between Group Accounts and Authority Accounts:	10,469	0	0	0	0	0	0	10,469	0	10,469	(10,486)	(17)
Net Increase or decrease before transfers	267	0	7,635	0	0	0	0	7,902	46,950	54,852	(547)	54,305
Adjustments between accounting basis and funding under regulations:												
Adjustments primarily involving the Capital Adjustment Account:												
Reversal of items debited / credited to CI&ES:												
Charges for depreciation and impairment of long-term assets	51,082	0	151	0	0	0	0	51,233	(51,233)	0	0	0
Continued Overleaf...												

Revaluation losses on property, plant & equipment	34,600	0	0	0	0	0	0	0	34,600	(34,600)	0	0	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,771	0	0	0	0	0	0	0	2,771	(2,771)	0	0	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	23,420	0	0	0	0	0	0	0	23,420	(23,420)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0	0	0	0
Insertion of items not debited / credited to CI&ES:													0
Statutory provision for the financing of capital investment	(17,280)	0	0	0	(1,794)	0	0	0	(19,074)	19,074	0	0	0
Capital expenditure charged against the Council Fund Balances	(37,142)	0	0	0	0	0	0	0	(37,142)	37,142	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:													0
Capital grants and contributions unapplied credited to CI&ES	(77,121)	0	0	0	0	77,121	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(9,688)	0	0	(95,574)	0	0	(105,262)	105,262	0	0	0
Adjustments involving the Capital Receipts Reserve:													0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	13,354	0	160	0	3,090	0	0	0	16,604	(16,604)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(163)	0	0	0	(163)	163	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0	0	0	0	0

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Adjustments involving the Financial Instruments Adjustment Account:												
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(100)	0	(317)	0	0	0	0	(417)	417	0	0	0
Adjustments involving the Pensions Reserve:												
Reversal of items relating to retirement benefits debited or credited to the CI&ES	36,811	0	105	0	0	0	0	36,916	(36,916)	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(41,500)	0	(97)	0	0	0	0	(41,597)	41,597	0	0	0
Adjustment involving the Unequal Pay Back Pay Adjustment Account:												
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment involving the Accumulated Absences Account:												
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,299	0	6	0	0	0	0	3,305	(3,305)	0	0	0
<i>Continued Overleaf...</i>												

Other adjustments include:												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	(1)	0	0	0	0	(1)	0	(1)	0	(1)
Depreciation of long-term asset revaluation gains	0	0	2,194	0	0	0	0	2,194	(2,194)	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	(7,539)	0	148	0	1,133	(18,453)	0	(24,711)	79,562	54,851	(547)	54,304
Transfers to or from Earmarked Reserves	8,711	(1,475)	(4,713)	(2,012)	1,341	0	(14)	1,838	(1,838)	0	0	0
Increase or (decrease) in the year	1,172	(1,475)	(4,565)	(2,012)	2,474	(18,453)	(14)	(22,873)	77,724	54,851	(547)	54,304
Transitional adjustment between accounting basis and funding basis	(2,172)	0	0	0	0	0	0	(2,172)	2,172	0	0	0
Balance at 31st March 2025	9,240	118,057	73,930	5,808	14,365	8,409	149	229,958	1,118,791	1,348,749	1,436	1,350,185

Group Movement in Reserves Statement for the year ending 31st March 2026

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 st April 2025	9,240	118,057	73,930	5,808	14,365	8,409	149	229,958	1,118,791	1,348,749	1,436	1,350,185
Movement in reserves during 2025/26												
Total comprehensive income and expenditure	81,545	0	3,647	0	0	0	0	85,192	26,876	112,068	667	112,735
Adjustments between Group Accounts and Authority Accounts:	12,769	0	0	0	0	0	0	12,769	0	12,769	0	12,769
Net Increase or decrease before transfers	94,314	0	3,647	0	0	0	0	97,961	26,876	124,837	667	125,504
Adjustments between accounting basis and funding under regulations:												
Adjustments primarily involving the Capital Adjustment Account:												
Reversal of items debited / credited to CI&ES:												
Charges for depreciation and impairment of long-term assets	52,417	0	121	0	0	0	0	52,538	(52,538)	0	0	0
<i>Continued Overleaf...</i>												

Revaluation losses on property, plant & equipment	10,084	0	0	0	0	0	0	0	10,084	(10,084)	0	0	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,594	0	0	0	0	0	0	0	2,594	(2,594)	0	0	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	21,798	0	0	0	0	0	0	0	21,798	(21,798)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0	0	0	0
Insertion of items not debited / credited to CI&ES:													
Statutory provision for the financing of capital investment	(18,488)	0	0	0	0	0	0	0	(18,488)	18,488	0	0	0
Capital expenditure charged against the Council Fund Balances	(22,616)	0	0	0	0	0	0	0	(22,616)	22,616	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:													
Capital grants and contributions unapplied credited to CI&ES	(104,192)	0	0	0	0	104,192	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(7,726)	0	0	(101,677)	0	0	(109,403)	109,403	0	0	0
Adjustments involving the Capital Receipts Reserve:													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	748	0	1	0	735	0	0	0	1,484	(1,484)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(281)	0	0	0	(281)	281	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	2	0	0	0	2	(2)	0	0	0

Continued Overleaf...

Adjustments involving the Financial Instruments Adjustment Account:												
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(104)	0	0	0	0	0	0	(104)	104	0	0	0
Adjustments involving the Pensions Reserve:												
Reversal of items relating to retirement benefits debited or credited to the CI&ES	28,510	0	4,156	0	0	0	0	32,666	(32,666)	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(41,540)	0	(155)	0	0	0	0	(41,695)	41,695	0	0	0
Adjustment involving the Unequal Pay Back Pay Adjustment Account:												
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment involving the Accumulated Absences Account:												
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(166)	0	(13)	0	0	0	0	(179)	179	0	0	0
Continued Overleaf...												

Other adjustments include:												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	54	0	0	0	0	54	(54)	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	23,359	0	85	0	456	2,515	0	26,415	98,422	124,837	667	125,504
Transfers to or from Earmarked Reserves	(22,417)	27,336	(4,529)	(524)	1,138	0	41	1,045	(1,426)	(381)	0	(381)
Increase or (decrease) in the year	942	27,336	(4,444)	(524)	1,594	2,515	41	27,460	96,996	124,456	667	125,123
Transitional adjustment between accounting basis and funding basis	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 31st March 2026	10,182	145,393	69,486	5,284	15,959	10,924	190	257,418	1,215,787	1,473,205	2,103	1,475,308

**Group Comprehensive Income and Expenditure Statement for the year ended
31st March 2026**

This Statement shows the accounting cost in the year of providing services by the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Group Movement in Reserves Statement.

Group Comprehensive Income and Expenditure Statement for the year ended 31st March 2026

2024/25 Restated				Note:	2025/26		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
448	(6)	442	Chief Executive		445	(10)	435
352,485	(87,458)	265,027	Education Services		327,103	(90,194)	236,909
4,468	(370)	4,098	Human Resources		4,239	(434)	3,805
46,112	(13,162)	32,950	Corporate Resources		49,629	(12,451)	37,178
40,214	(31,748)	8,466	Housing & Regeneration		40,733	(31,976)	8,757
8,558	(1,793)	6,765	Legal & Democratic Services		7,946	(1,536)	6,410
112,636	(17,773)	94,863	Environmental Services	G 1.0	126,497	(31,850)	94,647
68,587	(46,938)	21,649	Community Services		64,801	(47,032)	17,769
250,807	(69,017)	181,790	Social Services		261,464	(67,910)	193,554
88,418	(58,750)	29,668	Corp.Budgets Authority Wide		68,422	(37,441)	30,981
10,162	(1,653)	8,509	Joint Committees		8,747	(2,909)	5,838
982,895	(328,668)	654,227	Cost of Services		960,026	(323,743)	636,283
			Other Operating Expenditure				
30,877	0	30,877	Precepts		33,447	0	33,447
15,924	0	15,924	Levies		16,826	0	16,826
13,513	0	13,513	(Gains) or Losses on Disposal of Non-Current Assets		748	0	748
			Financing and Investment Income and Expenditure				
13,400	0	13,400	Interest Payable and Similar Charges		14,609	0	14,609
0	(1,705)	(1,705)	Net Interest on Net Defined Liability (Asset)		0	(852)	(852)
0	(1,828)	(1,828)	Interest Receivable and Similar Income		0	(1,189)	(1,189)
497	(320)	177	Income, Expenditure and Changes in the Fair Value of Investment Properties		242	(324)	(82)
			Taxation and Non-Specific Grant Income				
0	(167,561)	(167,561)	Council Tax Income		0	(177,802)	(177,802)
0	(85,978)	(85,978)	NDR Distribution		0	(85,834)	(85,834)
0	(408,055)	(408,055)	Non-Ringfenced Government Grants		0	(439,963)	(439,963)
0	(72,739)	(72,739)	Capital Grants and Contributions		0	(95,510)	(95,510)
0	88	88	Corporation Tax - Joint Committees		49	0	49
1,057,106	(1,066,766)	(9,660)	(Surplus) or Deficit on the Provision of Services		1,025,947	(1,125,217)	(99,270)
			Tax Expenses				
0	0	0	Taxation of Group Entities		0	0	0
1,057,106	(1,066,766)	(9,660)	(Surplus) or Deficit		1,025,947	(1,125,217)	(99,270)
176	(50,097)	(49,921)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		9,880	(44,881)	(35,001)
2,592	0	2,592	(Surplus) or Deficit on Revaluation of Financial Instrument Assets		459	0	459
2,667	0	2,667	Remeasurement of the Net Defined Benefit Liability		26,081	(17,265)	8,816
5,435	(50,097)	(44,662)	Other Comprehensive Income and Expenditure		36,420	(62,146)	(25,726)
1,062,541	(1,116,863)	(54,322)	Total Comprehensive Income and Expenditure		1,062,367	(1,187,363)	(124,996)

Group Balance Sheet as at 31st March 2026

The Group Balance Sheet summarises the financial position of the Council and its subsidiaries and associates as a whole. It shows the value of the Group assets and liabilities at the end of the financial year.

Group Balance Sheet as at 31st March 2026

31/03/25				31/03/26	
£'000			Note:	£'000	£'000
	Long-Term Assets	Property, Plant & Equipment:	G 2.0		
1,020,205		Other Land & Buildings		1,059,358	
634,930		Infrastructure		642,872	
18,532		Vehicles, Plant & Equipment		17,087	
486		Landfill Cells		380	
4,876		Community Assets		4,876	
16,295		Assets Under Construction		53,240	
145		Heritage Assets		145	
12,870		Investment Properties		12,046	
427		Defined Benefit Pension Scheme Asset		0	
7,279		Long-Term Intangible Assets		9,046	
10,165		Long-Term Investments		4,184	
5,556		Long-Term Debtors		13,040	
1,731,766		TOTAL LONG-TERM ASSETS			1,816,274
	Current Assets	Short-Term Investments		19,446	
35,713		Assets Held for Sale		1,056	
584		Inventories		937	
981		Short-Term Debtors	G 12.0	168,525	
162,099		Cash and Cash Equivalents		5,071	
3,161		TOTAL CURRENT ASSETS			195,035
202,538					
	Current Liabilities	Cash and Cash Equivalents		0	
0		Short-Term Borrowing		(14,677)	
(25,541)		Short-Term Provisions	G 14.0	(1,496)	
(1,586)		Short-Term Creditors	G 13.0	(159,235)	
(191,302)		Other Short-Term Liabilities		(2,147)	
(2,046)		TOTAL CURRENT LIABILITIES			(177,555)
(220,475)					
	Long-Term Liabilities	Long-Term Creditors	G 13.0	(24,499)	
(24,989)		Long-Term Provisions	G 14.0	(13,919)	
(14,069)		Long-Term Borrowing		(261,197)	
(263,196)		Other Long-Term Liabilities		(58,708)	
(61,267)		Long-Term Donated Assets Account		(123)	
(123)		TOTAL LONG-TERM LIABILITIES			(358,446)
(363,644)					
1,350,185	NET ASSETS				1,475,308

Continued Overleaf...

9,240	Usable Reserves	Council Fund Balance		10,182	
		Earmarked Reserves:			
118,057		Capital and Investment / Infrastructure		145,393	
73,930		Other Revenue Related Reserves		69,486	
5,808		Delegated Schools Reserve		5,284	
14,365		Usable Capital Receipts Reserve		15,959	
8,409		Capital Grant Unapplied Account		10,924	
149		MGCC Insurance Reserve		190	
229,958		TOTAL USABLE RESERVES			257,418
	Unusable Reserves				
327,931		Revaluation Reserve		352,612	
810,493		Capital Adjustment Account	G 5.0	881,658	
(5,016)		Financial Instruments Adjustment Account		(4,340)	
(5,945)		Pensions Reserve		(5,650)	
(8,672)		Short-Term Accumulating Compensated Absence Account		(8,493)	
1,436		Group Companies Reserve	G 3.0	2,103	
1,120,227		TOTAL UNUSABLE RESERVES			1,217,890
1,350,185	TOTAL RESERVES				1,475,308

Group Cash Flow Statement 2025/26

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiaries and associates during the year.

2024/25 £'000		Note:	2025/26	
			£'000	£'000
(9,660)	Net (Surplus) or Deficit on the Provision of Services		(99,270)	
(117,866)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	G 6.0	1,524	
70,305	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	G 7.0	96,246	
(57,221)	Net Cash Flows from Operating Activities			(1,500)
58,942	Investing Activities	G 9.0	21,265	
(728)	Financing Activities	G 10.0	(17,855)	3,410
993	Net Increase or Decrease in Cash or Cash Equivalents			1,910
2,168	Cash and Cash Equivalents at the Beginning of the Reporting Period			3,161
3,161	Cash and Cash Equivalents at the End of the Reporting Period			5,071

Notes to the Group Accounts

These notes should be read in conjunction with the notes to the Council's Core Financial Statements. Unless specifically identified below, the information provided for the single entity accounts also applies to the Group Statements.

G.1.0 Segmental Analysis (Subsidiary Companies)

The operating income and expenditure of Amgen Cymru Ltd. and Amgen Rhondda Ltd. has been included within Environmental Services.

A Group Expenditure and Funding Analysis Statement, and its associated notes, has not been included in the Group Statements due to materiality.

G 2.0 Long-Term Assets**G 2.1 Property, Plant and Equipment****Movements in 2024/25**

	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Mutual Investment Model(MIM) included within Other Land & Buildings	Operating Leases included within Other Land & Buildings and Vehicle, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 st April 2024	925,239	49,365	982	6,178	61,332	1,043,096	5,209	0
IFRS 16 Transition	4,669	2,243	0	0	0	6,912	0	6,912
Joint Committees								
Opening Balance	0	896	0	0	226	1,122	0	0
Additions	106,909	6,379	0	46	13,635	126,969	54,392	0
Donated Assets	17	0	0	0	0	17	0	0
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,076	0	0	0	0	21,076	1,294	1,199
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(34,435)	0	0	0	0	(34,435)	(3,189)	0
Derecognition – Disposals	(9,681)	(2,104)	0	0	(6,618)	(18,403)	0	0
Derecognition - Other	0	(3,205)	0	0	0	(3,205)	0	0
Assets Reclassified (to)/from Held for Sale	(786)	0	0	0	0	(786)	0	0
Other Reclassifications	38,144	0	0	(1)	(52,124)	(13,981)	0	0
Other Movements in Cost or Valuation	0	225	0	0	(156)	69	0	0
At 31st March 2025	1,051,152	53,799	982	6,223	16,295	1,128,451	57,706	8,111
<i>Continued Overleaf...</i>								

Accumulated Depreciation and Impairment								
At 1 st April 2024	(38,338)	(30,213)	(394)	(1,347)	0	(70,292)	(14)	0
Joint Committees								
Opening Balance	0	(194)	0	0	0	(194)	0	0
Depreciation Charge	(25,564)	(6,638)	(119)	0	0	(32,321)	(823)	(1,698)
Depreciation Written Out of the Revaluation Reserve	26,507	0	0	0	0	26,507	13	0
Depreciation Written out to the Surplus/Deficit on the Provision of Services	7,297	0	0	0	0	7,297	0	0
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,108	0	0	0	0	2,108	0	0
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	(4,947)	(3,205)	0	0	0	(8,152)	0	0
Derecognition – Disposals	1,917	1,925	0	0	0	3,842	0	0
Derecognition - Other	0	3,205	0	0	0	3,205	0	0
Assets Reclassified (to)/from Held for Sale	73	0	0	0	0	73	0	0
Other Reclassifications	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	(147)	17	0	0	(130)	0	0
At 31st March 2025	(30,947)	(35,267)	(496)	(1,347)	0	(68,057)	(824)	(1,698)
Net Book Value:								
At 31st March 2025	1,020,205	18,532	486	4,876	16,295	1,060,394	56,882	6,413
At 31st March 2024	886,901	19,854	588	4,831	61,558	973,732	5,195	0

Movements in 2025/26

	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Mutual Investment Model(MIM) included within Other Land & Buildings	Operating Leases included within Other Land & Buildings and Vehicle, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 st April 2025	1,051,152	52,884	982	6,223	16,225	1,127,466	57,706	8,111
Joint Committees								
Opening Balance	0	915	0	0	70	985	0	0
Additions	17,572	8,364	0	98	46,327	72,361	94	479
Donated Assets	0	0	0	0	0	0	0	0
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	5,282	0	0	0	0	5,282	(143)	79
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(10,399)	0	0	0	0	(10,399)	2,060	0
Derecognition – Disposals	(1,619)	(2,789)	0	0	0	(4,408)	0	0
Derecognition - Other	0	(4,813)	0	0	0	(4,813)	0	(180)
Assets Reclassified (to)/from Held for Sale	(229)	0	0	0	0	(229)	0	0
Other Reclassifications	9,305	0	0	0	(9,341)	(36)	0	0
Other Movements in Cost or Valuation	0	20	0	0	(41)	(21)	0	0
At 31st March 2026	1,071,064	54,581	982	6,321	53,240	1,186,188	59,717	8,489
<i>Continued Overleaf...</i>								

Accumulated Depreciation and Impairment								
At 1 st April 2025	(30,947)	(34,910)	(496)	(1,347)	0	(67,700)	(824)	(1,698)
Joint Committees								
Opening Balance	0	(357)	0	0	0	(357)	0	0
Depreciation Charge	(25,580)	(5,028)	(106)	0	0	(30,714)	(835)	(1,112)
Depreciation Written Out of the Revaluation Reserve	27,574	0	0	0	0	27,574	357	0
Depreciation Written out to the Surplus/Deficit on the Provision of Services	10,320	0	0	0	0	10,320	1,301	0
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,144	0	0	0	0	2,144	0	0
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	4,551	(4,632)	0	(98)	0	(179)	0	0
Derecognition – Disposals	232	2,764	0	0	0	2,996	0	0
Derecognition - Other	0	4,669	0	0	0	4,669	0	36
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other Reclassifications	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31st March 2026	(11,706)	(37,494)	(602)	(1,445)	0	(51,247)	(1)	(2,774)
Net Book Value:								
At 31st March 2026	1,059,358	17,087	380	4,876	53,240	1,134,941	59,716	5,715
At 31st March 2025	1,020,205	18,532	486	4,876	16,295	1,060,394	56,882	6,413

G 2.2 Valuation of Long-Term Assets

Assets are valued according to asset type. The following table shows the type of operational assets held, the basis of valuation and the date of last valuation.

Asset Type	Date of Last Valuation	Basis of Valuation
Other Land & Buildings	Rolling Programme	EUV/DRC
Specialist Building	Rolling Programme	DRC
Vehicles, Plant & Equip	N/A	DHC
Infrastructure	N/A	DHC
Community Assets	N/A	DHC
Landfill Cells	N/A	DHC

EUV - Existing Use Value

DHC - Depreciated Historic Cost

DRC - Depreciated Replacement Costs

G 3.0 Group Companies Reserve

Movements in the Group Companies Reserve are summarised as follows:

	Amgen Cymru	Amgen Rhondda	Total
	£'000	£'000	£'000
Balance as at 31st March 2025	4,181	(2,745)	1,436
Increase/(Decrease) 2025/26	720	(53)	667
Balance as at 31st March 2026	4,901	(2,798)	2,103

G 4.0 Subsidiary Companies Statutory Accounts

A summary of the statutory accounts for the Amgen Group is given in the following table. These accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities.

	Amgen Cymru		Amgen Rhondda	
	March 2025	March 2026 Draft	March 2025	March 2026 Draft
	£'000	£'000	£'000	£'000
Shareholding	2,806	2,806	232	179
Net Current Assets	4,073	4,444	213	142
Total Assets less Current Liabilities	20,066	19,769	254	333
Net Assets	7,793	8,103	232	179
(Loss)/Profit Before Tax	72	183	12	(53)
(Loss)/Profit After Tax	(76)	TBD	12	(53)
Registration No.	02660628		03687641	
Registered Office/Location of Accounts	Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX		Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX	
Auditors	Azets Audit Services		Azets Audit Services	
Audit Opinion (2024/25)	True and Fair		True and Fair	

The Accounts will be presented at the companies' Annual General Meeting.

G 5.0 Consolidation Adjustments**G 5.1 Capital Adjustment Account**

	£'000
Balance as at 1st April 2025	810,493
Gains/(Losses) during the year	71,165
Balance as at 31st March 2026	881,658

In the Council's accounts the value of the shareholding in Amgen Rhondda Ltd. is written down to the value of the net assets of the company. To allow consolidation of the accounts the value of shareholding must be reinstated, which results in a credit to the Capital Adjustment Account of £2,798k.

G 6.0 Cash Flow Statement – Adjusting to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements

2024/25 £'000		2025/26 £'000
(87,245)	Depreciation and Impairment	(63,492)
(2,771)	Amortisation	(2,593)
(35,545)	(Increase)/Decrease in Creditors	32,557
41,983	Increase/(Decrease) in Debtors	14,050
(259)	Increase/(Decrease) in Stock	(44)
4,189	Movement in Pension Liability	9,113
2,132	Contribution to Provisions	418
(3,304)	Short-Term Accumulated Absence Accrual	179
(16,884)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,483)
(20,162)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	12,819
(117,866)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	1,524

G 7.0 Cash Flow Statement – Adjust for Items Included in the Net (Surplus) or Deficit on the Provision on Services that are Investing and Financing Activities

2024/25 £'000		2025/26 £'000
3,090	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	736
67,215	Any Other Items for which the Cash Effects are Investing or Financing Cash Flows	95,510
70,305		96,246

G 8.0 Cash Flow Statement – Interest within Operating Activities

The cash flows for operating activities include the following items:

2024/25		2025/26
£'000		£'000
(2,148)	Interest received	(1,513)
13,400	Interest paid	14,609
11,252	Interest within Operating Activities	13,096

G 9.0 Cash Flow Statement – Investing Activities

2024/25		2025/26
£'000		£'000
151,975	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	138,286
(33,480)	Purchase and Redemption of Short-Term and Long-Term Investments	(22,247)
(3,090)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	736
(56,463)	Other receipts from Investing Activities	(95,510)
58,942	Net Cash Flows from Investing Activities	21,265

G 10.0 Cash Flow Statement – Financing Activities

2024/25		2025/26
£'000		£'000
(13,577)	Cash Receipts of Short-Term and Long-Term Borrowing	(30,000)
3,683	Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	1,726
10,419	Repayments of Short-Term and Long-Term Borrowing	10,419
(1,253)	Partnership Contributions	0
(728)	Net Cash Flows from Financing Activities	(17,855)

G 11.0 Adjustments between Group Accounts and Council Accounts in the Group Movements in Reserve Statement

The adjustments between Group Accounts and the Council's Accounts in the Group Movements in Reserves Statement relate to sales and purchases between the Council and subsidiaries.

2024/25		2025/26
£'000		£'000
(176)	Amgen Rhondda supplies to the Council	(175)
(11,236)	Amgen Cymru supplies to the Council	(13,787)
943	Council supplies to Amgen Cymru	1,193
(10,469)	Net Expenditure	(12,769)

G 12.0 Debtors

An analysis of Short-Term and Long-Term Debtors in the Group Balance Sheet is as follows:

Short-Term Debtors

2024/25		2025/26
£'000		£'000
90,431	Central Government Bodies	91,138
10,948	Other Local Authorities	10,588
8,004	NHS Bodies	13,837
1,506	Public Corporations and Trading Funds	1,178
51,210	Other Entities and Individuals	51,784
162,099	Total	168,525

Long-Term Debtors

2024/25		2025/26
£'000		£'000
68	Central Government Bodies	29
175	Other LAs	622
5,313	Other Entities and Individuals	12,389
5,556	Total	13,040

G 13.0 Creditors

An analysis of Short-Term and Long-Term Creditors in the Group Balance Sheet is as follows:

Short-Term Creditors

2024/25		2025/26
£'000		£'000
(4,245)	Central Government Bodies	(30,793)
(92,020)	Other Local Authorities	(39,080)
(5,378)	NHS Bodies	(12,462)
(230)	Public Corporations and Trading Funds	(250)
(89,429)	Other Entities and Individuals	(76,650)
(191,302)	Total	(159,235)

Long-Term Creditors

2024/25		2025/26
£'000		£'000
(23,362)	Central Government Bodies	(22,684)
(1,455)	Public Corporations and Trading Funds	(1,272)
(172)	Other Entities and Individuals	(543)
(24,989)	Total	(24,499)

G 14.0 Provisions

Provisions are amounts set-aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Short-Term Provision	Land Purchases and Part 1 Claims	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 31st March 2025	(473)	(1,113)	(1,586)
Additional provisions made in 2025/26	0	(918)	(918)
Amounts used in 2025/26	5	961	966
Unused amounts reversed in 2025/26	0	42	42
Balance at 31st March 2026	(468)	(1,028)	(1,496)

Long-Term Provision	Insurance Claims	Joint Committees	Amgen Cymru – Landfill Aftercare	Total
	£'000	£'000	£'000	£'000
Balance at 1st April 2025	(2,124)	(2,848)	(9,097)	(14,069)
Additional provisions made in 2025/26	(1,721)	0	(89)	(1,810)
Amounts used in 2025/26	918	535	0	1,453
Unused amounts reversed in 2025/26	507	0	0	507
Balance at 31st March 2026	(2,420)	(2,313)	(9,186)	(13,919)

G 15.0 Amgen Cymru – Landfill Aftercare

The Company is required by the shareholders agreement to provide for future aftercare cost such as landfill capping and restoration. The aftercare provision at the balance sheet date falls within a range which is considered to be the best estimate at this time of the company's exposure to future aftercare costs.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2025/26

1. **INTRODUCTION**

- 1.1 The Council's Corporate Plan 2024-2030 'Working with our Communities' sets the overall direction for the Authority over a period of 6 years describing the vision, purpose and priorities to be delivered.
- 1.2 The Corporate Plan also sets out the vision for a Rhondda Cynon Taf where '*All people, communities and businesses can grow and live in a healthy, green, safe, vibrant and inclusive County Borough where they can achieve their full potential in all aspects of their lives and work, both now and in the future*'. The Council's Well-being objectives are:
- **PEOPLE AND COMMUNITIES** – Supporting and empowering Rhondda Cynon Taf residents and communities to live safe, healthy and fulfilling lives.
 - **WORK AND BUSINESS** – Helping to strengthen and grow Rhondda Cynon Taf's economy.
 - **NATURE AND THE ENVIRONMENT** – A green and clean Rhondda Cynon Taf that improves and protects RCT's environment and nature.
 - **CULTURE, HERITAGE AND WELSH LANGUAGE** – Recognising and celebrating Rhondda Cynon Taf's past, present and future.
- 1.3 All Councils in Wales must comply with many laws that guide our work. These laws include the Well-being of Future Generations (Wales) Act 2015, which among other things, requires Councils to set Well-being Objectives, and the Local Government and Elections (Wales) Act 2021. The Well-being Objectives set out within the Corporate Plan are clearly aligned to improving the economic, social, environmental and cultural Well-being of Rhondda Cynon Taf.
- 1.4 This Annual Governance Statement (AGS) sets out for the community, service users, tax-payers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan well-being objectives.

2. **SCOPE OF RESPONSIBILITY**

- 2.1 Rhondda Cynon Taf County Borough Council (RCT) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 2.3 The AGS should be consistent with the principles of good governance set out in Delivering Good Governance in Local Government: Framework (Governance

Framework) (CIPFA and Solace, 2016¹). In May 2025, CIPFA and SOLACE published an [Addendum](#) to the 2016 Framework with the requirement for local authorities to ensure the AGS from 2025/26 onwards complies with the Addendum and they were encouraged to consider it for 2024/25. In the case of RCT, the Addendum was taken account of when compiling last year's AGS (i.e. 2024/25).

- 2.4 For 2025/26, the Council has adopted the *Delivering Good Governance in Local Government: Framework (2016)* and the Addendum and undertaken an assessment in line with the requirements set out in the CIPFA Financial Management Code 2019. In doing so, the AGS meets the Council's legal duty, as included within the Accounts and Audit (Wales) Regulations 2018, 'to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within any published Statement of Accounts' and sets out an accurate representation of the governance arrangements in place within the Council for financial year ending 31st March 2026.

3. **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 3.1 The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it is accountable to, engages with and leads the 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.
- 3.2 For RCT governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner now, and into the future.
- 3.3 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's well-being objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 3.5 The governance framework outlined below has been in place at RCT for the year ended 31st March 2026 (and up to the date of approval of the 2025/26 Statement of Accounts).

4. **THE GOVERNANCE FRAMEWORK AND REVIEW ARRANGEMENTS**

- 4.1 The Council has put in place a Local Code of Corporate Governance, in line with the seven principles set out in *The Delivering Good Governance in Local Government*

¹ CIPFA – the Chartered Institute of Public Finance and Accountancy. SOLACE - Society of Local Authority Chief Executives and Senior Managers.

Framework (2016) and Addendum issued in May 2025, to support its arrangements for ensuring sound governance.

- 4.2 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. Section 5 sets out an Executive Summary of the findings and proposals for improvement arising from the 2025/26 assessment and Section 6 provides more detailed information, called Review of Effectiveness, for the 2025/26 financial year against the Local Code of Corporate Governance.

5. **EXECUTIVE SUMMARY**

5.1 RCT is responsible for putting in place proper arrangements for the governance of its affairs and to review these arrangements at least annually. The Council discharges this responsibility by having in place a Local Code of Corporate Governance and undertakes an annual assessment against this Code in the form of an Annual Governance Statement. Both the Local Code and AGS have been compiled in line with Delivering Good Governance in Local Government: Framework (2016) and Addendum issued in May 2025.

5.2. The Review of Effectiveness of the Council's governance arrangements are set out in detail in Section 6 and conclude overall (paragraph 6.12):

Based on the review of effectiveness against the Local Code of Corporate Governance, the governance arrangements in place provided the basis to maintain the Council's financial stability and resilience, during a period of sustained and significant financial pressures, rising demand for services and constrained funding, through robust planning, prioritisation and management of scarce resources. This position was underpinned by on-going programmes of support and training for officers and elected Members; sound internal control, risk management and scrutiny arrangements and evidenced based decision-making processes; and well-established service self-assessment, that supported the delivery of Corporate Plan well-being objectives and wider services. A small number of proposals for improvement have been made to further strengthen existing processes.

5.3 A summary of the review process conclusions, across the 7 principles set out in the 2016 Framework, is included in Table 1.

Table 1 - Summary of the Review of Effectiveness

Core / Supporting Principles	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	The Council has well-established and fit-for-purpose arrangements in place that set clear expectations around the behaviour of its elected Members and officers; promotes a culture where acting in the public interest is visible and consistently demonstrated and is supported by robust policies, procedures, training and scrutiny; and policies and procedures are reviewed on a regular basis to ensure they are operating as intended and support the adherence to relevant laws and regulations.	No

Core Supporting Principles /	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
B - Ensuring openness and comprehensive stakeholder engagement	The Council has an open and transparent approach to informing stakeholders of the information it holds, how it can be accessed and responding to specific requests, and published forward plans of areas that will be subject to review as part of Committee work programmes. Alongside, the Council has clear stakeholder engagement arrangements with partners, residents and service users and takes into account stakeholder feedback to inform decision making, service planning and delivery and the development of strategies.	No
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	The Council's Corporate Plan and associated processes clearly set out its longer-term vision and outcomes to be delivered, informed by stakeholder engagement, scrutiny and the Well-being of Future Generations Act. Reporting arrangements are robust, with comprehensive updates on the Council's financial and operational performance, these being publicly reported and scrutinised by elected Members, with the need for on-going focus on clearly demonstrating the impacts and outcomes from the Council's work.	<u>Area for Improvement</u> - The Council's performance reports continue to afford greater focus on demonstrating impacts and outcomes, for example, through the inclusion of 'Delivery in Action' information, service user feedback / perspective and year-end evaluations of progress for each well-being objective within performance reports. Notwithstanding this, across the organisation, services do not always demonstrate clearly enough the outcomes or impacts from the delivery of their work. <u>Recommendation</u> - The Council needs to further develop its evidence base, in line with Corporate Plan defined outcomes, to more clearly demonstrate the impacts from service delivery and ensure that enhanced data / information opportunities from arrangements being put in place across the organisation (for example, access to lived experience evidence, data analysis from digital solutions and further integration of services), are maximised. <u>Area for Improvement</u> - Further to the Council updating its Transformation Plan, there is a need to review the Performance Management Framework in place to ensure it fully reflects the updated arrangements in place. <u>Recommendation</u> - Review, and where required, update the Council's Performance Management Framework taking account of the Council's new Transformation Plan arrangements.

Core / Supporting Principles	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
D - Determining the interventions necessary to optimise the achievement of the intended outcomes	Appropriate governance arrangements were in place to plan, pre-scrutinise and determine interventions to support the delivery of Corporate Plan well-being objectives, with evidence-based decision making in line with the Council's Constitution. The work was also integrated with budget setting and medium-term financial planning to inform the allocation of revenue and capital resources, and progress updates were subject to review via the Council's scrutiny arrangements.	No
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	The Council's approach to self-assessment is well-embedded across the organisation, enabling it to assess its capacity and capability to deliver services into the future. This approach was underpinned by robust financial and service planning and management arrangements, and supported by established programmes of learning and development for elected Members and Officers and a framework of decision-making in the form of Schemes of Delegation.	No
F - Managing risks and performance through robust internal control and strong public financial management	The Council is financially stable, supported by robust financial planning, management and reporting arrangements that underpin service delivery and are compliant with the CIPFA Financial Management Code. Internal control, risk management and management of data processes are strong, with appropriate oversight arrangements in place for each of these areas, that effectively support the delivery of the Council's work.	No
G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	The Council has open and transparent decision-making processes, with arrangements in place to hold decision-makers to account via a range of published reports on service delivery, performance and the stewardship of public funds	<u>Area for Improvement</u> - The Council's Local Code of Corporate Governance should be reviewed and, where required, updated in line with the 'Delivering good governance in local government: framework' (May 2025 addendum) (noting that the Council's 2025/26 Annual Governance Statement has taken account of the May 2025 addendum). <u>Recommendation</u> - Review and update the Council's Local Code of Corporate Governance and report to the Governance and Audit Committee for consideration / approval.

6. **REVIEW OF EFFECTIVENESS**

- 6.1 The Review of Effectiveness has entailed reviewing the activities in place around the Council's main governance arrangements, as set out in the Local Code of Corporate Governance and associated key processes, engagement with senior officers across services in respect of these arrangements and taking account of the findings from a range of existing reports including external regulator reports.
- 6.2 Each section of the Council's Local Code of Corporate Governance has been set out from Section 6.3 below, alongside other key governance arrangements, and a review of their effectiveness undertaken and proposals for improvement made, where deemed appropriate.

6.3 Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- 6.3.1 The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for performance, both positive and negative, and for the outcomes achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, it can demonstrate the appropriateness of decisions and actions, and have arrangements in place to encourage and ensure compliance with ethical values and to respect the rule of law.
- 6.3.2 The 2025/26 Review of Effectiveness has concluded the Council has well-established and fit-for-purpose arrangements in place that set clear expectations around the behaviour of its elected Members and officers; promote a culture where acting in the public interest is visible and consistently demonstrated and is supported by robust policies, procedures, training and scrutiny; and policies and procedures are reviewed on a regular basis to ensure they are operating as intended and support the adherence to relevant laws and regulations. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Elected Councillor and Officer Codes of Conduct - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity.	Behaving with integrity	• The Council's Constitution covers the standards of behaviour expected of elected Members and Officers through Codes of Conduct, setting out the expectation of the highest standards of conduct, ethics and integrity. A review of Committee meeting minutes demonstrating that proceedings were in line with the Council's Code of Conduct, for example, declarations of interest recorded at meetings. • All elected Members have signed the 'Memorandum of Understanding' protocol which was endorsed by Council in 2021. This document, along with the Members' Code of Conduct, forms part of the ethical code which binds all elected Members of the Council. • Arrangements were in place to keep the Council's Constitution under on-going review to ensure it remains fit for purpose now and into the future, for example, amendments to the Council's Notice of Motion procedure (full Council on 21st May 2025 further to consideration by the Constitution Committee on 8th May 2025); the Council's Standards Committee have recommended changes in relation to the Model Code of Conduct for Local Authority Members and Co-Opted Members (this to be presented to the Council in the new Municipal Year); and through the Democratic Services Committee, the creation of a bespoke Social Media policy and relevant guidance for Elected Members, providing a framework that supports safe, confident and responsible engagement online (with this Policy supported by the Standards Committee). • In-year training programmes were delivered to elected Members and Officers, with training material also held on secure on-line portals for elected Members and Officers to access on an on-going basis (see section 6.7.2 / 'Programme of elected Member and Officer training and development' for elected Member feedback on training delivered). • From a Council Officer perspective, local induction arrangements were in place that set out, amongst other things, expected standards of behaviour, alongside a 'basic rules' booklet available to all staff and quarterly corporate induction for all new starters.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Rules of Procedure – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules.	Demonstrating strong commitment to ethical values	• The Council's Constitution sets out the Rules of Procedure to be followed by elected Members and Officers when conducting the Council's business. The Council has also published an easy read guide to the Council's Constitution to assist in accessibility and public participation. • The Council's 'Contract Procedure Rules' and 'Commissioning, Socially Responsible Procurement and Contract Management Strategy 2024 – 2030' set out the Council's responsibility to ensure that ethical and fair practices are in place throughout the contracted supply chains as far as it practicably can. This includes clauses within the Council's standard tender documentation setting out RCT being an accredited Real Living Wage employer (this commitment also applying to the Council's supply chain) and the Council's commitment to the Code of Practice: Ethical Employment in Supply Chains. • Processes are in place to keep procedural arrangements and compliance with such arrangements under on-going review, for example: ○ The 19th January 2026 Democratic Services Committee undertook a review of the changes to the Notice of Motion procedure agreed by full Council in May 2025 to consider whether they are fulfilling the original intention, the outcome of which was refinements to further improve the clarity of the process; and ○ The Governance and Audit Committee received updates on the audit assignments completed by the Council's Internal Audit Service that included compliance with the Council's Rules of Procedure.
Standards Committee - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.	Demonstrating strong commitment to ethical values	• A Standards Committee was in place and considered a range of areas (including Public Services Ombudsman for Wales updates, Group Leaders' duties in specific of standards and conduct, Adjudication Panel for Wales updates and Review of the Standards Committee Members' training needs) in line with its Terms of Reference, to promote high standards of conduct and ethics by elected Members. • The Public Services Ombudsman for Wales (PSOW) reported to the Committee on the outcome of complaints received and investigations undertaken relating to RCT elected Members and Community/Town elected Members within Rhondda Cynon Taf (for whom the Council's Monitoring Officer has responsibility). In summary, between 1st March 2025 and 31st March 2026 there were 2 complaints made to the PSOW, one in respect of a Community Council and one in respect of RCT. In the case of the former, this was 'discontinued' (i.e. not in the public interest to continue the investigation) and 'no action necessary' for the latter.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Gifts and hospitality Policy.	Demonstrating strong commitment to ethical values	• The Council has a Gifts and Hospitality Policy and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy.
Comments, Compliments and Complaints setting out how the Council handles and responds to feedback (complaints, compliments, and comments).	Demonstrating strong commitment to ethical values	• The Council reported overviews of the operation and effectiveness of its Customer Feedback Scheme and Statutory Social Services Complaints Procedure for the period April 2024 to March 2025: ○ Customer Feedback Annual Report 2024/25 (non-social services related) concluded that customer feedback provides valuable information from which services can improve and develop, and this data also enables services and the Council as a whole to better understand the needs of its residents and to assist in both the planning and delivery of services. The report included 'You Said, We Did' that set out the actions taken by the Council in response to feedback received to support more effective service delivery. ○ Social Services Representations and Complaints Procedures Annual Report 2024/25 concluded that Social Services continue to provide a robust and effective complaints procedure in line with statutory requirements, with the information from complaints providing valuable lessons learnt when planning and improving services to meet the needs of our customers. The report set out a number of recommendations to support service improvement across Social Services alongside the intended impacts. ○ Both reports were subject to scrutiny: by the Governance and Audit Committee on 4th November 2025 and specifically in relation to the Social Services Representations and Complaints Procedures Annual Report, this was also scrutinised by the Community Services Scrutiny Committee on 29th September 2025. The reports were subsequently reported to and agreed by the Council's Cabinet on 24th November 2025. • The PSOW Annual Report and Letter for 2024/25 was reported to the 4th November 2025 Governance and Audit Committee meeting - the report highlighted that, '<i>during 2024-25, 62 complaints were received by the Ombudsman relating to the Council. This represents a small decrease compared against the previous reporting period and the number of complaints equates to 0.26 complaints per 1000 residents. This puts the Council once again in the top quartile for lowest number of complaints per 1000 residents out of the 22 LAs</i>'.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Whistle-blowing Policy – promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council.	Respecting the rule of law	• The Council had a Whistleblowing Policy in place and a Whistleblowing Annual Report 2025/26 was reported to and scrutinised at the 27th April 2026 Governance and Audit Committee meeting. The report set out the arrangements and work undertaken during the year and concluded that the '<i>Council's whistleblowing arrangements are appropriate</i>'. • The publication of a Whistleblowing Annual Report promoted the Council's commitment to achieve the highest possible standards of service by encouraging 'workers' to voice concerns, on a confidential basis if this was the choice of the worker, and an open and transparent culture across the organisation.
Anti-fraud, Bribery & Corruption Strategy (including Anti-Money Laundering Policy).	Respecting the rule of law	• Anti-fraud, Bribery and Corruption Strategy (including Anti-Money Laundering Policy) updates were reported to and scrutinised by the Governance and Audit Committee during the year: ○ A mid-year update on 16th December 2025, with this meeting also including a progress update by Audit Wales and the Corporate Fraud Team on the National Fraud Initiative 2024/25; and ○ A Anti-fraud, Bribery and Corruption Annual Report for 2025/26 was presented to Governance and Audit Committee on 23rd June 2026 that concluded (subject to approval by the Governance and Audit Committee) based on the work undertaken during the year, the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventative measures capable of identifying and addressing new threats.

6.4 Core Principle B - Ensuring openness and comprehensive stakeholder engagement

6.4.1 Local government is run for the public good and the Council is committed to ensuring openness in the delivery of its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

6.4.2 The 2025/26 Review of Effectiveness has concluded the Council has an open and transparent approach to informing stakeholders of the information it holds, how it can be accessed and responding to specific requests, and published forward plans of areas that will be subject to review as part of Committee work programmes. Alongside, the Council has clear stakeholder engagement arrangements with partners, residents and service users and takes into account stakeholder feedback to inform decision making, service planning and delivery and the development of strategies. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
A Publication Scheme that aims to advise citizens how to request public information the Authority holds.	Openness	- The Council's website provided information on its Publication Scheme setting out the information published by the Council (including records of decision making and supporting materials) and how to access it, and also on the Freedom of Information Act 2000 that advised residents how to request public information that the Council may hold. <u>Freedom of Information</u> - The Council received 1,275 Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests during the year, this being a 6% increase on the previous year (1,204). - The Council received 14 complaints which had been referred to it by the Information Commissioner's Office (ICO). 6 related to the timeliness of requests being responded to by the Council (all of which were subsequently responded to); 1 where the request was reconsidered and information released; 2 where the ICO disagreed that the requests were vexatious and the Council released the information: and 5 are ongoing. <u>Public Services Ombudsman for Wales (PSOW)</u> - The Ombudsman received 96 complaints relating to the Council in 2025/26 (62 in 2024/25). In 2025/26, there were 59 cases where no investigation was deemed required following review by the PSOW; 2 agreed early resolution; 30 cases referred back to be dealt with as part of the Council's complaint procedures; and 5 are on-going.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Clear and open Corporate & Service Specific Privacy Notices .	Openness	• The Council complied with the transparency requirements of the UK General Data Protection Regulation by providing its citizens, service users and customers with clear and accessible privacy information (in the form of privacy notices via the Council's website). This provided opportunity for data subjects to be aware of how their personal data is processed, including the lawful basis.
Forward plans for Committee meetings together with the matters to be considered, where appropriate.	Openness	• The Council published on its website forward plans of committee meetings to assist members of the public to engage in the democratic processes of the Council. • There was an elected Member-led process in place to develop scrutiny work programmes and this is adding value through better use of performance information, inclusion of items that align with the Council's Corporate Plan and supported more effective agenda management. This has been evidenced through examination of Committee meeting minutes that show questioning of key matters presented and requests for additional information / further updates to be provided to Committees. • Arrangements are in place to enable the coordination and scrutiny of work programmes and ensure elected Member and Officer time is prioritised on key issues: ○ The Council's Work Programme is a standing item on Council agendas (this also helping to ensure elected Members and the public are updated and aware of the forward business for the Council); ○ The Cabinet Forward Work Programme is a standard item on the Overview & Scrutiny agenda to allow the Committee to have insight into any areas that may warrant review as part of scrutiny committee work programmes; and ○ The Overview and Scrutiny Committee, as the overarching Committee, considers and approves each scrutiny committee work programme to ensure a prioritised focus and prevent duplication. • The Overview and Scrutiny Annual Report for the 2025/26 Municipal Year was endorsed by the Overview and Scrutiny Committee on 22nd April 2026 and reported to and noted by full Council on 29th April 2026, and sets out how Members have supported the Council's decision making, strengthened accountability and contributed to improvements in the Council's services for residents.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Stakeholder engagement	Engaging comprehensively with institutional stakeholders	• The Council worked with public, private and voluntary organisations during the year via Joint Committee (including the South-East Wales Corporate Joint Committee), Board and local arrangements with the overriding objective to help improve the lives of residents within the County Borough. Examples of the Council's engagement with institutional and other stakeholders is set out on its website. • More specifically, the Council is: ○ A statutory partner within the Cwm Taf Morgannwg Public Services Board (CTMPSB) and is working with partners to deliver the 'Cwm Taf Morgannwg – Our Well-Being Plan – A More Equal Cwm Taf Morgannwg 2023 – 2028' (this being informed by citizen engagement and a well-being assessment, and sets out regional objectives and outcomes and alignment with the Well-being of Future Generations Act seven national well-being goals). There is alignment between the Council's well-being objectives and the work of the CTMPSB, for example, Climate Change Risk Assessment. ○ A partner organisation of the Cwm Taf Morgannwg Regional Partnership Board, with the Board managing, amongst other things, the allocation of the Welsh Government funded Regional Investment Fund in order to help meet the health, social care and wellbeing needs of residents and a focus on its governance and engagement arrangements. The Regional Partnership Board publishes an Annual Report setting out its work and the difference it is making across the Cwm Taf Morgannwg area. • The Council has on-going engagement arrangements with other partner organisations on specific areas where there are shared goals, such as, with the Health Service on developing an integrated health and social care model with the aim to improve health, care and wellbeing.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Stakeholder engagement	Engaging Stakeholders Effectively, Including Individual Citizens And Service Users	• The Council's stakeholder engagement is underpinned by its Involvement Strategy 2025 - 2030, with a wide range of engagement activities undertaken with service users, stakeholders and the general public during 2025/26 including: ○ Specific consultations to inform strategies, for example, Let's Talk Budget 2026 - 2027 (Phase 1 & 2) – to inform the 2026/27 Revenue Budget Strategy; Learning Disability Respite Service – My stay, My Way; Tonypany Town Centre Strategy; Sustainable Food Strategy for Rhondda Cynon Taf; the Council's Housing Allocation Scheme and Proposed Policy Changes; and Proposed Model of Support for Unpaid Carers. ○ Working groups to take forward specific areas of work, for example, an Overview and Scrutiny Child Poverty Working Group further to a Council Notice of Motion, whose membership comprised a Lived Experience Advisor from the Council's 'Health Determinants Research Collaborative'², to support embedding lived experience into local authority decision making. The outcome of the review was 18 recommendations to enable better support to be provided to children growing up in poverty, these being reported to and accepted by the Council's Cabinet on 2nd February 2026 and are to be taken forward by Council services. • The results of specific consultations referenced above have been published and incorporated into Committee reports to inform pre-scrutiny and decision-making arrangements, as set out on the Council's consultations web-page.

² Health Determinants Research Collaborative – a Council led collaboration with Wales Centre for Public Policy, Cardiff University, Cwm Taf Morgannwg University Health Board, Interlink RCT and Public Health Wales (PHW) seeking to tackle the wider determinants of health to reduce health inequalities and improve the health of residents in RCT (and funded via the National Institute of Health and Care Research).

Supporting Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits.

- 6.5.1 The long-term nature and impact of the Council's work requires it to define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands, determining priorities and finite resources.
- 6.5.2 The 2025/26 Review of Effectiveness has concluded the Council's Corporate Plan and associated processes clearly set out its longer-term vision and outcomes to be delivered, informed by stakeholder engagement, scrutiny and the Well-being of Future Generations Act. Reporting arrangements are robust, with comprehensive updates on the Council's financial and operational performance, these being publicly reported and scrutinised by elected Members, with the need for on-going focus on clearly demonstrating the impacts and outcomes from the Council's work. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2025/26
Corporate Plan 2024 – 2030 'Working with our Communities'	Defining Outcomes	- The Council's Corporate Plan 2024-2030 'Working with our Communities' sets the overall direction for the Authority describing the vision, purpose, well-being objectives and defining outcomes, further to stakeholder engagement and scrutiny. In parallel, the Plan has taken into account the Well-Being of Future Generations Act Sustainable Development Principle, Five Ways of Working and Seven National Well-Being Goals, in setting its well-being objectives (as per paragraph 1.2). - There is clear alignment between the Council's Corporate Plan well-being objectives and: - Key Council strategic documents including: the Revenue Budget Strategy, 3-year Capital Programme, Medium-Term Financial Plan and Strategic Risk Register, with progress updates reported quarterly as part of in-year Performance Reports.; and - The Cwm Taf Morgannwg Well-Being Plan 2023 – 2028 and the Well-Being of Future Generations Act (Wales) 2015. - Audit Wales reported the findings of its review 'Setting of Well-Being Objectives – Rhondda Cynon Taf County Borough Council' to Governance and Audit Committee on 29th April 2025 and concluded that: '<i>The Council has applied the sustainable development principle when setting its well-being objectives and has considered how they will be resourced over the medium term, but there is scope to improve monitoring of longer term outcomes</i>'. See Area for Improvement at 6.5.2 - Quarterly Performance Report (including Risk Register updates.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2025/26
The Council's Performance Management Framework – defining outcomes based on need	Defining Outcomes	• The Council's Performance Management Framework (PMF) is aligned with the vision, purpose and defined outcomes of the Corporate Plan 2024 – 2030 'Working with our Communities'. • The Council's Performance Reports were in line with its Corporate Plan and PMF and set out well-being objectives, outcomes and underpinning measures and actions alongside revenue budget and capital programme performance in the delivery of services (including well-being objectives). • The Council's annual Service Self Evaluation process, as set out within the PMF, assesses current performance and future need and, to a degree, impacts, to keep under review and inform the medium to long term direction of the Council and the outcomes and impacts it aims to deliver (as evidenced within the latest published Annual Self-Assessment 2024/25 reported to Council on Report.pdf24th September 2025). • The above work is underpinned by an on-going programme of officer training and support, with over 285 individuals attending performance management related sessions during the year. • The Council's external Panel Performance Assessment³ (October 2025) reported that: <i>"The planning and performance framework enables the Council to know itself well and have a clear understanding of its future opportunities and challenges. The planning and performance framework has recently been further developed to respond to recommendations made by Audit Wales and the panel saw evidence of the Council improving its understanding of the 'impact and expected outcome' of the work it does".</i> • During the year, the Council updated its Transformation Plan setting out 4 principles and ambitions that are applicable across all services: community resilience; prevention; customer / resident experience; and efficient, effective and optimised use of resources, with work underway to engage and support services to embed the approach into day-to-day arrangements. <u>Area for Improvement</u> • Further to the Council updating its Transformation Plan, there is a need to review the current Performance Management Framework to ensure it fully reflects the updated arrangements in place.

³ Panel Performance Assessment – As required to be undertaken in line with the Performance and Governance duties outlined in Part 6, Chapter 1 of the Local Government and Elections (Wales) Act 2021 relating to strengthening and empowering local government; the Act defines Councils as 'self-improving organisations through a system based on self-assessment and Panel performance assessment'.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2025/26
Quarterly Performance Report (including Risk Register updates)	'Defining Outcomes' and 'Sustainable economic, social and environmental benefits'	• The Council's performance reports: ○ Provided a holistic overview of the Council's financial and operational performance (including strategic risk updates), in line with its Corporate Plan Well-Being Objectives, and focussed on improving the economic, social, environmental and cultural well-being of the County Borough through to 2030; ○ Took into account the impact of long-term strategies and programmes of work, such as the Adult Social Care Strategy, Children's Services Looked After Prevention Strategy, Heritage Strategy and Decarbonisation Programme, linking the allocation of revenue and capital programme resources with operational performance and delivery and, in some cases, impacts; and ○ Were published on a quarterly basis during the year, reported to and approved by Cabinet and thereafter scrutinised by the Overview and Scrutiny Committee. The minutes of Overview and Scrutiny Committee meetings demonstrate constructive debate between elected Members and Officers as part of reviewing and challenging the Council's financial and operational performance results. • Other key reporting arrangements demonstrate the impact from the Council's work in the delivery of the Corporate Plan, for example, Director of Social Services Annual Report 2024/25 and Cwm Taf Morgannwg Safeguarding Board Annual Report 2024/25. <u>Area for Improvement</u> The Council's performance reports continue to afford greater focus on demonstrating impacts and outcomes, for example, through the inclusion of 'Delivery in Action' information, service user feedback / perspective and year-end evaluations of progress for each well-being objective within performance reports. Notwithstanding this, across the organisation, services do not always demonstrate clearly enough the outcomes or impacts from the delivery of their work.

6.6 Supporting Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

6.6.1 The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Robust decision making is required to enable priorities and intended outcomes to be delivered in an efficient and effective way, and decisions reviewed on an on-going basis to ensure the achievement of outcomes is optimised.

6.6.2 The 2025/26 Review of Effectiveness has concluded that appropriate governance arrangements were in place to plan, pre-scrutinise and determine interventions to support the delivery of Corporate Plan well-being objectives, with evidence-based decision making in line with the Council's Constitution. The work was also integrated with budget setting and medium-term financial planning to inform the allocation of revenue and capital resources, and progress updates were subject to review via the Council's scrutiny arrangements. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Evidence based decision-making arrangements	Determining interventions	- Decision-making arrangements were in line with the Council's Constitution, supported by evidence based and published reports that were informed by stakeholder feedback and analysis of options to determine the interventions needed to deliver well-being objectives (see 6.4.2 / Stakeholder Engagement). - Specific areas were also subject to a pre-scrutiny process to inform decision-making (see also Section 6.6.2 / – Scrutiny Committees) and where required, decisions were incorporated within the Council's Revenue Budget Strategy / 3-Year Capital Programme and informed the Medium-Term Financial Planning process.
Monitoring and oversight of priorities	Planning interventions	- Arrangements were in place to plan and implement agreed interventions as part of the Council's financial and performance management arrangement (including project board / team arrangements). - Key interventions from these processes and performance indicators were reported as part of the Council's quarterly Performance Reports (i.e. Corporate Plan well-being objective action plans) and also through self-standing published reports on specific areas in line with Committee work programmes. The reports during 2025/26 provide assurance that robust monitoring arrangements were in place to oversee the delivery of interventions, risks and resource implications, with a continuing improving picture in terms of evidencing impact and outcomes (noting that this area requires on-going focus, as set out in 6.5.2 / Quarterly Performance Report (including Risk Register updates)).

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Annual Revenue Budget Strategy and three-year Capital Programme	Optimising achievement of intended outcomes	• Full Council approved the 2025/26 Revenue Budget Strategy and 3-year Capital Programme (2025/26 to 2027/28) on 4th March 2026. <u>Revenue Budget Strategy 2025/26</u> • The formulation of the 2025/26 Revenue Budget Strategy was informed by a comprehensive and well-established approach that included taking into account service delivery plans and risks over the medium term; review and challenge of budget requirements across all service areas, led by the Senior Leadership Team; and engagement with local residents / stakeholders. The approach enabled the Council to set a balanced budget, totalling £668.179Million, further to addressing a budget gap of £36Million through the delivery of significant efficiency / operational service reconfiguration savings and specific service / expenditure savings. The outcome of the process was a revenue budget that enabled frontline services to be protected as much as possible and targeting and protecting resources for the Council's high priority, customer-focused public services, to support the delivery of sustainable services. • As part of the engagement arrangements and feedback from respondents, the service areas most important to residents included social care and schools, with these areas accounting for approximately 63% of the Council's overall revenue budget. <u>Capital Programme (2025/26 to 2027/28)</u> • The 3-year Capital Programme totalled £225.315Million and set out the capital investment priorities that will have a long-term impact on the area in terms of regeneration, infra-structure, schools and the Council's built assets to support optimising their use and benefit to local communities. This included significant on-going investment in: town centre regeneration to support redevelopment of key sites, buildings and support footfall; schools, to deliver on-going improvements in the quality of learning environments and facilities available, and ensuring school buildings are fit for future generations; highways, continuing to improve the condition of roads, as demonstrated by reported performance indicators; housing, through supporting more affordable housing and adapting peoples' homes to help maintain their independence; flood alleviation projects; coal tip safety; and carbon reduction projects that are supporting the Council's decarbonisation ambitions.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Annual Revenue Budget Strategy and three-year Capital Programme – continued.	Optimising achievement of intended outcomes	<u>Demonstrating the achievement of intended outcomes</u> • The Council's in-year Performance Reports and Finance related reports provided updates and assurance on the delivery of the objectives underpinning the Revenue Budget Strategy and Capital Programme i.e. overall positive progress in the delivery of Corporate Plan well-being objectives; the continued delivery of the Council's key services and protect as many local jobs as possible; and taking a responsible approach to the level of Council Tax – the latter being supported by the Council having the lowest cumulative average Band D council tax increase in Wales over the past 10 years (2016/17 to 2025/26). • The Council has a sustainable and long-term approach in planning its capital programme, in line with its Corporate Plan well-being objectives. This is demonstrated by over £1.2Billion of capital investment over the past 10 years (between 2016/17 and 2025/26), with impacts reported via Performance Reports and specific updates to the designated Committees.
Medium Term Financial Plan	Optimising achievement of intended outcomes	• The Council has well embedded Medium Term Financial Planning (MTFP) arrangements that inform budget setting, with the approach balancing the Council priorities and strategies with affordability, to support service planning and delivery over the medium term. During the year, the MTFP was published and the Council adopted an inclusive approach to enable elected Members to review and scrutinise the position i.e. updates reported to Cabinet, full Council, Overview and Scrutiny Committee and School Budget Forum. • The latest MTFP (2025/26 to 2028/29 was reported to Cabinet on 22nd September 2025, set out a range of modelled 'budget gaps', these being between £26M and £31M for the 2026/27 financial year and provided an accurate and timely forecast of the scale of the budget challenge to inform budget setting arrangements for this period (the actual budget gap at provisional settlement stage being £22.5M) (see also 6.8.2 / Medium Term Financial Plan). • The Council prioritised the allocation of resources in line with its Corporate Plan: 88% of the Council's revenue budget was allocated to Corporate Plan well-being objective areas (with the remaining 12% being in respect of Regulatory Public Services, Other Services to the public, Authority Wide costs and Core Support) (see also section 'Supporting Principle F') and 93% of capital resources were allocated to Corporate Plan well-being objective areas.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Scrutiny Committees	Optimising achievement of intended outcomes	• The Council's scrutiny function delivered clear and evidence-based scrutiny, with outcomes set out within the Overview and Scrutiny Annual Report 2025/26, and included: ○ A focus on pre-decision scrutiny – there was early engagement on key policy and strategic decisions, enabling Members to inform decision-making before being finalised by the Executive. This approach was referenced within the Council's Panel Performance Assessment report (October 2025), which recognised the Council's "<i>well supported and resourced scrutiny and assurance functions</i>". ○ Robust scrutiny of performance reports – the Overview and Scrutiny Committee undertook detailed examination of finance and operational performance, Organisational Health, Workforce capacity and Sickness Absence and Strategic Risk Management. Members were consistent in their challenge and sought assurance that high risk areas were being effectively managed and directly informed the thematic Committee Work Programmes. ○ Scrutiny of the Council's draft Revenue Budget Strategy – ensuring the budget proposals were open to constructive challenge before being considered by the Council's Cabinet. ○ Scrutiny Working Groups – three scrutiny working groups operated during the 2025/26 Municipal Year, each producing detailed, evidence-informed recommendations: ▪ The Child Poverty Working Group - supported by the Health Determinants Research Collaborative, which drew on lived experience, academic research and local data (see also 6.4.2 / Stakeholder Engagement); ▪ Sustainable Communities for Learning Working Group - reviewing Band B school investment outcomes, which included school visits and stakeholder engagement; and ▪ Defibrillators in Schools Working Group - examined the feasibility and community benefits of providing defibrillators in RCT schools. The output from the above working groups demonstrates the ability of the Council's scrutiny function to undertake deep-dive, cross cutting work that will help to improve outcomes for local residents and also inform policy development.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Scrutiny Committees – continued.	Optimising achievement of intended outcomes	○ Public and stakeholder engagement – a continued focus on enabling a wide range of participation through live streamed and recorded meetings; targeted engagement with stakeholders such as Older Persons Advisory Group, Youth Engagement Service, Trade Unions and Voluntary Sector Partners; and external partners attending and engaging in scrutiny meetings from Dwr Cymru Welsh Water, Natural Resources Wales and South Wales Police. ○ Improved work programming – informed by Member workshops, performance reports, Cabinet priorities and feedback received through public engagement exercise. ● The above arrangements were supported by an on-going programme of elected Member training and development. ● Alongside, other arrangements that has supported the achievement of intended outcomes were: an <u>Elected Member Research</u> facility providing statistical research and resources to support elected Members in their role; pre-meetings to assist Chairs and Vice-Chairs in determining clear and precise questioning and lines of enquiry at scrutiny meetings; and having due regard to the seven wellbeing goals and the five ways of working (as per the Well-being of Future Generations Act) within reports, directing scrutiny committees to consider the long-term impact of decisions on communities to contribute to preventing issues such as poverty, health inequalities and climate change.

6.7 Supporting Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 6.7.1 The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and support the achievement of intended outcomes. It must ensure it has both the capacity to deliver its priorities and for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.
- 6.7.2 The 2025/26 Review of Effectiveness has concluded that the Council's approach to self-assessment is well-embedded across the organisation, enabling it to assess its capacity and capability to deliver services into the future. This approach was underpinned by robust financial and service planning and management arrangements, and supported by established programmes of learning and development for elected Members and Officers and a framework of decision-making in the form of Schemes of Delegation. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Corporate and Service Self Evaluation process.	Developing the entity's capacity	• The Council's 2024/25 Annual Self-Assessment was approved by full Council on 24th September 2025, following internal review and challenge and pre-scrutiny by Governance and Audit Committee on 16th September 2025. • The Annual Self-Assessment 2024/25: ○ Found that <i>'the Council's arrangements have continued to provide the basis to maintain the organisation's financial stability and resilience during a period of significant financial pressures and constrained funding, through robust planning, prioritisation and management of resources. This was underpinned by sound scrutiny and decision-making processes and well-established self-assessment arrangements, and supported Corporate Plan well-being objectives, wider service delivery and improved outcomes for service users'; and</i> ○ Concluded that <i>'the Council had managed its resources economically, efficiently and effectively and that governance arrangements were effective for securing the above'.</i> A small number of areas for improvement were identified to further strengthen existing processes; these were built into service delivery plans, recognising that their delivery will cover a medium-term timescale.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Workforce Plan	Developing the entity's capacity	• The current Human Resources Strategy and Council Workforce Plan 2023-28 supports the identified workforce needs of the Council, with a focus on 4 key aims (i.e. responsible, inclusive and sustainable leadership and management; high performing, engaged and dedicated workforce; recruiting and retaining staff for excellent service delivery; and maximising attendance and supporting staff wellbeing). Arrangements are in place to ensure the Strategy is kept under on-going review to support the long-term service delivery requirements of the Council, for example, the planned senior and associated management structure changes implemented from 1st November 2025 aligning related functions more closely and enabling better sharing of expertise and coordination of service delivery. • Workforce planning has been identified as a risk within the Council's Strategic Risk Register, with updates included within the Council's quarterly Performance Reports setting out actions being taken to mitigate, as far as practicable, identified risks, for example, the delivery of workforce planning training for managers, supporting workforce development planning (e.g. Council apprenticeship and graduate programmes) and working collectively with service managers and finance officers to review and reconfigure staffing structures to ensure provision aligns with need and support more efficient service delivery arrangements. • Audit Wales published its review '<i>Recruitment and retention challenges – the right people at the right time?</i>' in respect of the Council in April 2026 and concluded: ○ <i>The Council has a broad understanding of hard to fill posts and is taking a range of actions to tackle recruitment and retention challenges with some successes. This includes its graduate and apprenticeship programme.</i> ○ <i>Whilst the Council evaluates some of its activities it does not always evaluate the value for money of its approach to recruitment and retention. We also found there is scope to improve its use of data to help target recruitment and retention activity.</i> The recommendations reported are being taken forward by the Council to further improve the arrangements in place.
Schemes of Delegation	Developing the capability of the entity's leadership and other individuals	• Part 3 of the Council's Constitution 'Responsibility for Functions' set out General Scheme of Delegation of Executive and Non-Executive Functions to Officers and these were kept under on-going review during the year.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Procedure Rules	Developing the capability of the entity's leadership and other individuals	The Council's Constitution set out Contract and Financial Procedure Rules that provided the framework for Officers and, where required, elected Members, to operate within during the year. Internal Audit also took account of the requirements within the Procedure Rules when checking internal control compliance as part of audit assignments undertaken and reported updates to Management on exceptions.
Programme of elected Member and Officer training and development.	Developing the capability of the entity's leadership and other individuals	<u>Elected Members</u> - The 2025/26 Member Development Training Programme was compiled following completion of Member Personal Development Reviews and informed by Committee requests throughout the year, and a report outlining the training delivered during this period was presented to the Democratic Services Committee on 20th April 2026. 98% of respondents to the elected Member survey undertaken for 2025/26 indicated either being very satisfied or satisfied with the training provided. - Working with the RCT Health Determinants Research Collaborative, a Members Reference Group continued to be in place comprising of Elected Members and Co-opted Committee Members to support the work of the HDRC through, amongst other things, representing the voice of Members, enabling the HDRC team to feed Member perspective into their project work and funding bids. Through the recommendations of the Reference Group, training to Members has been undertaken in relation to Members using evidence and data in their roles. - Other support arrangements in place included: developments on the Members Portal in relation to access to training and 'My ward' Data; taking forward Council service site visits to provide further insight to the work of Council areas; Members swap shop, providing a safe environment for all Members to come together to discuss experiences and share and swap good practices and ideas; Member visits to departments across the Council to provide Members with clearer insight into the services provided; training with external bodies (e.g. the WLGA Community Project / Leadership Programme, Data Cymru) has been sourced; and Statutory research function available to support and inform elected members through challenge and scrutiny of key decisions.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Programme of elected Member and Officer training and development – continued.	Developing the capability of the entity's leadership and other individuals	- At the 20th April 2026 Democratic Services Committee, the 'Sufficiency of Resources Report – Statutory Opinion of the Head of Democratic Services' was presented and concluded that the resources made available for elected Members remains sufficient. <u>Officers</u> - During 2025/26 staff development has been supported virtually and face to face through induction sessions, Personal Development Reviews, Leadership and Middle Management Development Programmes, Manager Briefings, 'Joint Cabinet and Senior Officer meetings' and a range of operational training.

6.8 Supporting Principle F - Managing risks and performance through robust internal control and strong public financial management

- 6.8.1 It is a fundamental requirement for the Council's governance structures to support robust financial and performance management arrangements, thereby enabling efficient and effective service planning and delivery and the achievement of intended outcomes. Risk management and robust internal control are integral parts of these arrangements. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will drive financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from the Council's leaders and senior managers.
- 6.8.2 The 2025/26 Review of Effectiveness has concluded that the Council is financially stable, supported by robust financial planning, management and reporting arrangements that underpin service delivery and are compliant with the CIPFA Financial Management Code. Internal control, risk management and management of data processes are strong, with appropriate oversight arrangements in place for each of these areas, that effectively support the delivery of the Council's work. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Risk Management Strategy	Managing risk	• The Council had robust arrangements in place to identify, manage and scrutinise risks that could adversely impact the delivery of Corporate Plan well-being objectives and wider service delivery in the form of: ○ A Risk Management Strategy that was reviewed by officers, available for services and reported to the Governance and Audit Committee on 29th April 2025 for consideration and to increase Members' understanding of the arrangements in place as part of the effective discharge of responsibilities set out in the Committee's Terms of Reference; ○ A Strategic Risk Register that was reviewed, updated and signed off by the Senior Leadership Team, with updates incorporated into published quarterly Performance Reports for consideration and scrutiny by Cabinet and the Overview and Scrutiny Committee. In line with the area identified for improvement with the AGS for 2024/25, Strategic Risks now have mitigating actions that span more than one year.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Risk Management Strategy – continued.	Managing risk	○ Governance and Audit Committee – as part of the Committee keeping the Council’s risk management arrangements under on-going review, a ‘deeper dive’ on specific risks was undertaken in respect of Strategic Risk 11 - Regenerating our communities (presented on 4th November 2025); Strategic Risk 24 - A carbon neutral Council (presented on 16th December 2025); and Strategic Risk 30 - Supporting our young people with additional learning needs (presented on 3rd February 2026). The outcome of the above reviews provided assurance to the Committee on the arrangements in place. ● Internal Audit undertook an audit review of the Council’s operational risk management arrangements during 2025/26 and provided substantial assurance on the arrangements in place, concluding that, ‘<i>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited</i>’. No high priority recommendations were identified. Two low priority recommendations were reported in respect of the style of wording used to describe risks within Service Delivery Plans (some examples were noted whereby the ‘If and then’ guidance, as noted within the Risk Management Toolkit, had not been followed).
Service Delivery Planning; Quarterly Performance Report (including Risk Register up dates); and Corporate Performance Report (i.e. year-end annual report).	Managing performance	● As set out in sections ‘Supporting Principles C and D’; ‘Supporting Principle C’; and ‘Supporting Principles C and D’ respectively.
Governance and Audit Committee	Robust internal control	● The Governance and Audit Committee draft Annual Report for 2025/26 (subject to consideration and approval by the Governance and Audit Committee on 23rd June 2026) set out the conclusions from the annual review of the Committee’s work, these being: ○ Provided assurance that the targeted programme of work delivered by the Governance and Audit Committee has enabled the Committee to deliver its Terms of Reference and ensure compliance with the CIPFA Guidance; and ○ Demonstrated that the Committee’s work has contributed to the robustness of the Council’s governance, internal control and risk management arrangements.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Internal Audit function	Robust internal control	<u>Internal Audit</u> • A review of information presented by Internal Audit to the Governance and Audit Committee concluded that it was in line with the approved work programme and, in doing so, played a key part in enabling the Committee to fulfil its Terms of Reference. The information reported to the Committee by Internal Audit included: the Internal Audit Charter 2025/26 that provided the Committee with information to assess the independence of the internal audit function; an Internal Audit Annual Plan 2025/26 and in-year progress updates; details of all audit assignments finalised during the year to enable the Committee to consider and gain assurance on the standard of internal control across the Council; and information on the overall assessment of Internal Audit's work for 2025/26 (as set out at paragraph 6.11.4). • From 1st April 2025, the Global Internal Audit Standards replaced the Public Sector Internal Audit Standards. The 2025/26 Head of Internal Audit Annual Report set out that the Internal Audit Service conformed with the Global Internal Audit Standards during 2025/26 with no significant instances of non-conformance.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Effective Management of data (including cyber risk and compliance with data protection legislation)	Managing Data	• Key arrangements in place were: ○ The Council has an approved Digital Strategy 2022-26 that sets the direction to obtain maximum value from data and seeking to ensure decision making is fully informed by data driven approaches whilst providing appropriate protection around its integrity and confidentiality. ○ The Council has governance arrangements in place for Information Management & Cyber Assurance, in the form of Boards, with each quarterly board meeting chaired by the Deputy Chief Executive and Chief Executive respectively. Updates to Board meetings included quarterly highlight reports, review of the corporate risk register risks and ratings, policy, and oversight of progress against key actions, providing assurance on the effectiveness of the arrangements in place. ○ Cyber Security assurance was provided as part of accreditation to Public Service Network, Payment Card Industry (PCI) and work in progress for reaccreditation to Cyber Essentials. Work was also completed as part of an all-Wales Local Authority collaboration to undertake the National Cyber Security Centre Cyber Assessment Framework (CAF), with these arrangements providing further assurance the Council meets required standards for security. ○ The Council implemented a dedicated Security Operations Centre (CymruSOC) during the year. Adopting Welsh Government's 'Defend as One Approach.' CymruSOC provides additional assurance, complementing the Council's cyber security resources, by continually monitoring for potential cyber threats and having the ability to respond to an attack 24/7 and over 365 days a year. This helps reduce the risk of critical services being adversely impacted by a cyber-attack. ○ Designated roles were in place such as a Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) whose roles are to provide specialist advice, information and guidance to the organisation on data protection and information risk matters. ○ Mandatory Cyber Security & Data Protection training was undertaken to support improving learning, knowledge, raising awareness and support the reduction of risk. Ongoing wider updates and communications were provided to staff, alongside sharing further information at Manager's Briefings, ensuring staff continue to be informed on current topics and issues. ○ The above Cyber Security & Resilience arrangements play a key part in reducing the risk of an adverse impact to the availability of the Council's core digital systems. An availability of 99.92% was achieved ensuring that Council Services operated without material interruption and supported enabling customer satisfaction. • The Information Commissioner's Office investigated 3 personal data breaches during 2025/26. In each case the ICO determined no further regulatory action was required.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2025/26
Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.	Strong public financial management	• The Council complied with the approved Budget and Policy Framework Procedure Rules for the 2025/26 budget setting process and was set out in the report to Cabinet on 2nd February 2026. • The Council's Finance Service and Procurement Service provided support and advice to services on the Procedure Rules and the Internal Audit Service tested compliance with the Council's Procedure Rules as part of delivering the 2025/26 Internal Audit Plan (see paragraph 6.11.4 for the overall outcome from the work of the Internal Audit Service during 2025/26).
Medium Term Financial Plan	Strong public financial management	• The Council updated its MTFP and was reported to Cabinet (22nd September 2025), full Council (24th September 2025) and the School Budget Forum (30th September 2025) providing opportunity for scrutiny and stakeholder understanding of the Council's forecasted financial position, risks and opportunities. • The Council's MTFP updates have consistently supported: ○ The identification of future forecasted budget gaps (taking account of estimated expenditure requirements and funding levels) that have accurately informed savings requirements and supported a sustainable and targeted programme of improvement and investment (see also Supporting Principle D – 'Annual Revenue Budget Strategy and 3-year Capital Programme' and 'Medium Term Financial Plan'); ○ An on-going assessment and public reporting and scrutiny of reserve levels, including a detailed overview of the Council's reserves reported to full Council alongside the MTFP update on 22nd October 2025. A sustainable approach to the replenishment and utilisation of the Council's earmarked reserves has enabled continued additional one-off investment in Corporate Plan priority areas: for 2025/26 this totalled £30.9Million and were agreed by full Council on 24th September 2025 (£11.5Million) and 4th March 2026 (£19.380Million). The additional one-off investment, along with other allocated resources, contributed to capital expenditure investment of £138.4Million for 2025/26 and funding to support the Council's new 3-year Capital Programme 2026/27 to 2028/29; and ○ The setting and delivery of balanced revenue budgets, this being in the context of the Council requiring to address the largest annual budget gaps it has ever faced in the past 3 years since its inception in 1996, at around £36M per year. • The consistent delivery of the above outcomes provides assurance on the robustness of the arrangements in place and a demonstrable commitment to prioritise resources to Corporate Plan areas.

Compliance with the CIPFA Financial Management Code of Practice

- 6.8.3 The CIPFA Financial Management Code (the Code) was launched in November 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 6.8.4 The Code sets the standards of financial management for local authorities and is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:
- Financially manage the short, medium and long-term finances of a local authority;
 - Manage financial resilience to meet foreseen demands on services; and
 - Financially manage unexpected shocks in their financial circumstances.
- 6.8.5 Each local authority must demonstrate that the requirements of the Code are being satisfied, with compliance being a collective responsibility of elected Members, the Chief Finance Officer and their professional colleagues in the leadership team. The Code is designed to be flexible to the nature, needs and circumstances of individual authorities, and it is up to each authority to determine the extent to which it complies with the Code and to identify what action it may wish to take to better meet the standards that the Code sets out. CIPFA has also set out that Annual Governance Statements should include the conclusions of the evaluation of compliance with the Code.
- 6.8.6 As referenced above, the Code applies a principle-based approach to assist in determining whether, in applying standards of financial management, an authority is financially sustainable, and the principles cover:
- Organisational leadership - demonstrating a clear strategic direction based on a vision in which financial management is embedded into culture;
 - Accountability - based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
 - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making;
 - Adherence to professional standards is promoted by the leadership team and is evidenced;
 - Sources of assurance are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection; and
 - The long-term sustainability of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.
- 6.8.7 In turn, the Code is structured around 7 overarching Standards: The Responsibilities of the Chief finance officer and Leadership Team; Governance and Financial Management Style; Long to Medium Term Financial Management; The Annual Budget; Stakeholder Engagement and Business Plans; Monitoring Financial Performance; and External Financial Reporting.

6.8.8 The Council has undertaken an assessment of its arrangements during 2025/26 against the Standards within the Code, with the assessment set in the context of continued challenging operating conditions, both now and forecasted over the medium term, and being driven by increasing demand for services, particularly frontline services supporting the most vulnerable residents within the County Borough, inflationary cost pressures and funding levels not increasing in line with demand and cost pressures.

6.8.9 The assessment has evidenced:

- A disciplined, planned and robust approach to financial management and planning, led by the Senior Leadership Team and the Cabinet alongside oversight by full Council and the Overview and Scrutiny Committee. This has enabled the consistent setting and delivery of balanced revenue budgets and the targeted allocation of resources to support Corporate Plan well-being objectives and at the same time maintained the Council's financial resilience and stability;
- Arrangements that take account of volatile operating conditions now and into the future, constrained funding levels and risks, together with a continuous council wide programme of work to identify and deliver significant efficiency savings and budget reduction measures whilst protecting, as far as possible, frontline services and taking a responsible approach to setting the level of Council Tax; and
- Well embedded processes to identify options for service improvement and transformation as part of an on-going programme of work, and effective arrangements to implement those that are agreed.

6.8.10 Alongside the above, the Council's external Panel Performance Assessment report (October 2025) concluded that *'RCT is a Council that has strong corporate financial planning and management functions in place. The process of continually planning and reviewing the budget process cycle rather than undertaking these activities as an once a-year exercise, was considered by the panel to be a particular strength of the Council, valued by staff and Members alike'*.

6.8.11 Based on the findings of the assessment process and key outcomes delivered, there are no specific areas for improvement identified from the assessment, save for those included within this Annual Governance Statement (see section 5, Executive Summary), with a high level of assurance in place that the Council's financial management arrangements continue to be fit for purpose.

6.9 Supporting Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 6.9.1 Accountability within RCT is about ensuring that those making decisions and delivering services are answerable for them, with external and internal audit being integral parts of the arrangements.
- 6.9.2 The 2025/26 Review of Effectiveness has concluded that the Council has open and transparent decision-making processes, with arrangements in place to hold decision-makers to account via a range of published reports on service delivery, performance and the stewardship of public funds. This conclusion is based on the following:

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2025/26
Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).	Implementing good practice in transparency	As set out in 6.4 / Core Principle B - Ensuring openness and comprehensive stakeholder engagement.
Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.	Implementing good practice in transparency	Annual Reports were prepared and publicly reported to support accountability and open and transparent performance arrangements, for example⁴, Corporate Parenting Board Annual Report 2024/25 (Corporate Parenting Board 14th July 2025); Annual Equality Report 2024/25 (Cabinet 18th March 2026); and Vale, Valleys and Cardiff Regional Adoption Collaborative Annual Report 2024/25 (Corporate Parenting Board 26th January 2026).

⁴ Annual Reports – annual reports referenced in other sections of the Annual Governance Statement, for example, the Governance and Audit Committee Annual Report, have not been noted for the purposes of this section of the document.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2025/26
Statement of Accounts.	Implementing good practices in reporting	- The external audit of the Council's Statement of Accounts have consistently, year-on-year, received an unqualified 'true and fair' audit opinion (i.e. a clean audit opinion). The latest unqualified audit opinion, relating to the 2024/25 financial year, was reported to full Council on 22nd October 2025 and demonstrates the continued effective financial management arrangements at the Council. - During 2025/26, prior to the Council's 2024/25 audited statement of accounts being approved by full Council, key arrangements included reporting the Council's certified draft statement of accounts to the 16th September 2025 Governance and Audit Committee meeting (alongside Rhondda Cynon Taf Pension Fund and the Annual Return for Llwydcoed Crematorium Joint Committee) to provide the Committee with opportunity to comment and consider the certified draft accounts in line with the statutory guidance as per the Local Government Measure 2011. These arrangements will also be in place for the 2025/26 Statements of Account.
Pension Fund Committee.	Implementing good practices in reporting	- The Pension Fund Statement of Accounts 2024/25 were reported to and approved by full Council on 26th November 2025 and the outcome of the external audit, undertaken by Audit Wales, was an unqualified audit opinion. - A Work Programme for the 2025/26 financial year was presented to and agreed at the 23rd June 2025 Pension Fund Committee and a review of reports presented during the year demonstrated delivery of the work programme.
Annual Governance Statement.	Assurance and effective accountability	A progress update on the 2024/25 AGS recommendations was reported to the Governance and Audit Committee meeting on 16th December 2025. A year-end position statement is set out at Appendix A and demonstrates that all recommendations have been completed and / or sufficiently progressed. Area for Improvement The Council's Local Code of Corporate Governance should be reviewed and, where required, updated in line with the 'Delivering good governance in local government: framework' (May 2025 addendum). (noting that the Council's 2025/26 Annual Governance Statement has taken account of the May 2025 addendum).
Internal Audit external assessment and Charter.	Assurance and effective accountability	As set out in 'Supporting Principle F'.

6.10 Other Key Governance Arrangements

Amgen Cymru Limited

- 6.10.1 RCT holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.
- 6.10.2 The Directors of the Companies, including a non-executive director, are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 6.10.3 The Council removed the “arm’s length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the Companies. Amgen Cymru Ltd. and Amgen Rhondda Ltd have been identified as group companies and have been consolidated into the group financial statements of RCT.
- 6.10.4 During 2025/26 there have been no significant governance issues that have been identified by the Amgen Company Directors, Internal Auditors or External Auditors.

Pension Fund

- 6.10.5 RCT is the ‘Administering Authority’ for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:
- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
 - Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
 - Communication Policy Statement which details the communication and information services to participating employers and scheme members;
 - Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
 - Investment Strategy Statement which details how Fund investments are managed, including the Fund’s policy on how social, environmental and corporate governance considerations are taken into account; and
 - Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
 - Pension Fund Risk Register, which identifies, prioritises and monitors risks associated with the Fund, against suitable mitigation controls.
 - Breaches Policy, which sets out the procedures to be followed in determining materiality and reporting of breaches of the law to the Pensions Regulator by individuals involved in the management and governance of the Fund; and

- Conflicts of Interest Policy, that describes the process for identifying, monitoring and managing conflicts of interest in the governance and maintenance of the Fund.

6.10.6 All of these documents can be found at the following link: www.rctpensions.org.uk

6.10.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the governance of such schemes. In accordance with the Act, the Council established a Local Pension Board to assist Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('Scheme Manager') in:

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

6.10.8 The Pension Board is made up of two employer representatives and two member representatives. The Pension Board met 4 times during the 2025/26 financial year, and a separate joint annual meeting of the Pension Fund Committee and Pension Board in March 2026.

6.10.9 In 2016/17 the Council established a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.

6.10.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Council's Deputy Chief Executive/Group Director Corporate Resources (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.

6.10.11 The Pension Fund Committee met 5 times during the 2025/26 financial year.

6.10.12 In 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In July 2024, the WPP re-appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;

- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Progress the Government's pooling aspirations; and
- Equitability share of the costs of transitioning into sub-funds.

6.10.13 In the Autumn of 2023, the Government issued a consultation "LGPS (England and Wales): Next steps on investments" and a pensions investment review followed in July 2024. Following the Chancellor's Mansion House speech in November 2024, a further consultation "LGPS (England and Wales): Fit for the Future" was issued, with the purpose of optimising pooling for the future. The Government believes that all funds and pools need to adopt an operating model that meets the following minimum standards:

- Administering Authorities (AAs) would remain responsible for setting an investment strategy for their fund, and would be required to fully delegate the implementation of that strategy to the pool;
- AAs would be required to take principal advice on their investment strategy from the pool;
- Pools would be required to be established as investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies;
- AA's would be required to transfer legacy assets to the management of the pool; and
- Pools would be required to develop the capability to carry out due diligence on local investments and to manage such investments.

6.10.14 Arrangements are being finalised for the Rhondda Cynon Taf Pension Fund, alongside the Wales Pension Partnership, to implement the UK Government's proposals, and enable the WPP Investment Management Company (FCA regulated body) will be in place and operating during the 2026/27 financial year.

6.11 Other Key Sources of Assurance

6.11.1 The following other key sources of assurance were in place during the 2025/26 financial year.

Chief finance Officer (Section 151 Officer)

6.11.2 The Chief Finance Officer position within the Council during 2025/26 complied with the principles outlined in the CIPFA document '*The Role of Chief Finance Officer*' because the Chief Finance Officer:

- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
- *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Led the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

To deliver these responsibilities the Chief Financial Officer:

- *Led and directed a finance function that was resourced to be fit for purpose; and*
- *Is professionally qualified and suitably experienced.*

Monitoring Officer

6.11.3 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the Authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. During the period of the Annual Governance Statement, the Monitoring Officer did not make any such reports.

Head of Internal Audit

6.11.4 During 2025/26 the Internal Audit function was delivered by the Council's Internal Audit Service and completed a programme of work in accordance with the Internal Audit Plan 2025/26. The Head of Internal Audit has produced a Head of Internal Audit Report for 2025/26 and this was presented to the Governance and Audit Committee on [30th March 2026](#). The Head of Internal Audit Report concluded:

- *The Head of Internal Audit's opinion is that the Council's overall governance, risk management and control processes operated effectively during 2025/26 with some areas identified for improvement. There have been some instances where weaknesses in the governance, risk management or control processes have been identified, but, in the opinion of the Head of Internal Audit, these do not have a material impact on the overall level of assurance provided.*

External Audit

6.11.5 Audit Wales provided updates to full Council and the Governance and Audit Committee to enable elected Members to review and scrutinise its work and also seek assurance from Council Officers that agreed recommendations reported by Audit Wales were being implemented by Council services. Updates included:

- Full Council - overall, compliance with statutory Statement of Accounts requirements met and no significant issues to report i.e. [22nd October 2025](#) – ‘Audit of Accounts Report 2024/25 – Rhondda Cynon Taf County Borough Council’; [26th November 2025](#) – ‘Audit of Accounts Report 2024/25 – Rhondda Cynon Taf Pensions Fund’; and [28th January 2026](#) – ‘Audit of Accounts Report 2024/25 - Welsh Church Act Fund Annual Report within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils’.
- Governance and Audit Committee – regular Audit Wales updates were presented to the Committee alongside Council reports, where appropriate, on the progress being made to implement recommendations reported by Audit Wales in respect of the Council's arrangements. These arrangements were in line with the Governance and Audit Committee's Terms of Reference and updates included:
 - [29th April 2025](#) – ‘Audit Wales – Rhondda Cynon Taf County Borough Council Audit Plan 2025’; ‘Rhondda Cynon Taf Pension Fund Audit Plan 2025’; ‘Audit Wales Work Programme and Timetable (Quarterly Update 31st March 2025)’; ‘Audit Wales – Annual Audit Summary 2024’; and ‘Audit Wales Finalised Report (Setting of Well-Being Objectives) and the Council's response to the recommendations reported by Audit Wales’;
 - [16th September 2025](#) – ‘Audit Wales Work Programme and Timetable ’ and ‘Audit Wales Finalised Report – Arrangements for Commissioning Services and the Council's response to the recommendations reported by Audit Wales’.
 - [4th November 2025](#) – ‘Audit Wales Report – Temporary Accommodation’; and
 - [30th March 2026](#) – ‘Audit Wales – Work Programme Update’ and ‘Audit Wales Report – Capital Planning and the Council's Response’.

6.11.6 The Review of Effectiveness and proposals for improvement have been reported to the Council's Senior Leadership Team and the Governance and Audit Committee.

6.12 Overall Conclusion

- 6.12.1 Based on the review of effectiveness against the Local Code of Corporate Governance, the governance arrangements in place provided the basis to maintain the Council's financial stability and resilience, during a period of sustained and significant financial pressures, rising demand for services and constrained funding, through robust planning, prioritisation and management of scarce resources. This position was underpinned by on-going programmes of support and training for officers and elected Members; sound internal control, risk management and scrutiny arrangements and evidenced based decision-making processes; and well-established service self-assessment, that supported the delivery of Corporate Plan well-being objectives and wider services. A small number of proposals for improvement have been made to further strengthen existing processes.
- 6.12.2 The above position, together with a track record of implementing proposals for improvement made within previous Annual Governance Statements, provides assurance that appropriate arrangements are in place to address the proposals for improvement set out in Section 7.

7. **PROPOSALS FOR IMPROVEMENT 2025/26**

7.1 Further to completing the assessment of the Council's governance arrangements, Table 2 summarises the proposals for improvement.

Table 2 – Proposals for Improvement

Core / Supporting Principle	Local Code of Corporate Governance Requirement	Area for Improvement	Recommendation	Timescale for Implementation and Responsible Officer
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	The Council's Performance Management Framework – defining outcomes based on need	Further to the Council updating its Transformation Plan, there is a need to review the Performance Management Framework in place to ensure it fully reflects the updated arrangements in place.	Review, and where required, update the Council's Performance Management Framework taking account of the Council's new Transformation Plan arrangements.	July 2026 Service Director – Audit, Performance and Transformational Services
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	Quarterly Performance Report (including Risk Register updates)	The Council's performance reports continue to afford greater focus on demonstrating impacts and outcomes, for example, through the inclusion of 'Delivery in Action' information, service user feedback / perspective and year-end evaluations of progress for each well-being objective within performance reports. Notwithstanding this, across the organisation, services do not always demonstrate clearly enough the outcomes or impacts from the delivery of their work.	The Council needs to further develop its evidence base, in line with Corporate Plan defined outcomes, to more clearly demonstrate the impacts from service delivery and ensure that enhanced data / information opportunities from arrangements being put in place across the organisation (for example, access to lived experience evidence, data analysis from digital solutions and further integration of services), are maximised. Where appropriate, this information should be incorporated into performance reporting arrangements.	March 2027 Council wide coordination by Director of Financial Services and Transformation and Service Director – Audit, Performance and Transformational Services
G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Risk Management Strategy	The Council's Local Code of Corporate Governance should be reviewed and, where required, updated in line with the 'Delivering good governance in local government: framework' (May 2025 addendum). (noting that the Council's 2025/26 Annual Governance Statement has taken account of the May 2025 addendum).	Review and update the Council's Local Code of Corporate Governance and report to the Governance and Audit Committee for consideration / approval.	September 2026 Service Director – Audit, Performance and Transformational Services

7.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2026/27. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Governance and Audit Committee during the year to enable elected Members to review and scrutinise the extent of progress being made.

Leader: A. Crumney

Chief Executive: P. Jones

APPENDIX A

ANNUAL GOVERNANCE STATEMENT 2024/25 – YEAR-END POSITION STATEMENT

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified / Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2025/26
<u>C – Defining outcomes in terms of sustainable economic, and environmental benefits</u>	The Council's Performance Management Framework – defining outcomes based on need.	<u>Issue</u> The Council updated its PMF and content of Performance Reports in 2024/25 to further develop its arrangements to better evidence the impacts and outcomes from service delivery. This position now needs to be reviewed to inform the on-going programme of work to ensure impacts and outcomes are being appropriately evidenced. <u>Recommendation</u> Further to the Council updating its PMF and content of Performance Reports in 2024/25, a review of the suite of information in place should be undertaken to determine the extent to which impact and outcomes are being demonstrated and, where required, revisions incorporated into performance reporting arrangements for the 2025/26 financial year.	September 2025	Service Director – Finance and Improvement Services	The Council has kept under review the information in place to demonstrate and measure the impact and outcomes from its work, with updates being incorporated into quarterly Performance Reporting arrangements for 2025/26. The Council's Panel Performance Assessment report (reported to Governance and Audit Committee on 24th November 2025) set out with specific regard to demonstrating outcomes and impact: • <i>The Council is working to better understand the impact and outcomes of its work, moving from a service-focused approach to one which is person centred, and which will help to deliver its ambition to strengthen communities' resilience.</i> • <i>The Council has recently redesigned its performance reports to bring all data together in a 'dashboard' and this is increasingly being supported by case studies to demonstrate impact to complement output and process measures.</i> This area will be an on-going programme of work.

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified / Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2025/26
F - Managing risks and performance through robust internal control and strong public financial management	Risk Management Strategy	Issue The Council is taking steps to develop longer term actions and milestones as part of service delivery planning arrangements; however, the mitigating actions within the Strategic Risk Register generally cover 1 year. Recommendation As part of reviewing and updating the Council's Strategic Risk register for 2025/26, mitigating actions with the Register should be focussed on a longer-term horizon thereby aligning with service delivery plans and the Council's Corporate Plan 2024-2030.	September 2025	Head of Procurement Delivery	Completed The Council's Strategic Risk Register was reviewed and updated for the 2025/26 financial year with mitigating actions for each strategic risk covering a longer-term time horizon, where appropriate. Further to the Council reporting Strategic Risk Register updates on a quarterly basis during the year (via its Performance Reporting arrangements), these updates are also reported to the Governance and Audit Committee for review and ensures the Committee is kept up-to-date on the Council's risk profile.

The report of the Auditor General for Wales to the Members of Rhondda Cynon Taf County Borough Council

Opinion on financial statements

I have audited the financial statements of:

- Rhondda Cynon Taf County Borough Council (the Council); and
 - Rhondda Cynon Taf County Borough Council Group (the Group)
- for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

The Council's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The Group's financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-2026.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31 March 2026 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-2026.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Council and the Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council and the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-2026.
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Council and the Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, the Council and Group financial statements, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Council and Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Council and Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Council and Group's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals;
- obtaining an understanding of the Council and Group's framework of authority as well as other legal and regulatory frameworks that the Council and Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Council and Group.
- obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council and Group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Rhondda Cynon Taf County Borough Council and Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Auditor General for Wales
Date: 24.9.26

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure relating to the accounting period, which had not actually been received or paid as at the date of the Balance Sheet.

Actuary

An actuary is an individual or organisation that calculates insurance premiums and liabilities and pension obligations.

Acquisition method

This method recognises on a line-by-line basis the assets, liabilities, reserves and revenue of the company that is being consolidated.

Agent

An Agent is where the Council is acting as an intermediary.

Amortisation

Charges to revenue for the estimated reduction in the value of an intangible asset.

Audit

An audit is an independent examination of activities.

Budget

A budget (or estimate) is a plan of income and spending, based upon which Council Tax is set. Actual expenditure is subsequently monitored against this plan.

Building Cost Information Service (BCIS)

The BCIS index is a set of construction cost and tender price indices used to track inflation, regional variations and contractor pricing trends in the UK.

Capital Expenditure

Capital expenditure is spending on long-term assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Receipt

Capital receipts are proceeds from the sale of long-term assets such as land or buildings.

CCRC – Cardiff Capital Region City Deal

The Cardiff Capital Region within the City Deal is comprised of 10 local authorities; Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and the Vale of Glamorgan.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is responsible for issuing financial guidance to public bodies.

CoStar

Costar is a source of verified commercial real estate information, analytics and data-driven news worldwide.

Creditor

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

Current Assets

These are short-term assets that are available for the Council to use in the following accounting period.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting period.

Debtor

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

Debt Management Office (DMO)

The DMO is an Executive Agency of His Majesty's Treasury. Its responsibilities include debt and cash management for the UK Government, lending to Local Authorities and managing certain public sector funds.

Defined Benefit Scheme

A defined benefit pension scheme is one that bases retirement benefits upon Career Average Re-Valued Earnings.

Defined Contribution Scheme

A defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Benefits are based on the amounts credited to these accounts (through employer contributions and, if applicable, employee contributions) plus any investment earnings. Only employer contributions to the account are guaranteed, not the future benefits.

Delegated Schools

A delegated school is one managed independently by its Governing Body. The funds of these schools are held outside of the Council Fund balances.

Depreciated Historic Cost (DHC)

Depreciated Historic Cost is obtained by recording the purchase price of an asset and reducing the value over its useful economic life.

Depreciated Replacement Cost (DRC)

DRC is an estimation of the market value for existing use plus current gross replacement costs less allowances for deterioration.

Depreciation

Depreciation is the estimated loss in value of tangible long-term assets that are presented in the Balance Sheet.

Earmarked Reserves

These are reserves set aside for a specific purpose.

Existing Use Asset (EUV)

This is the current value of the asset based on market value

Fair Value Hierarchy

Level 1 – Assets and liabilities at level 1 are those where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Assets and liabilities at level 2 are those where quoted market prices are not available.

Level 3 – Assets and liabilities at level 3 are those with valuations derived from unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Health Determinants Research Collaboration (HDRC)

Partnerships between Local Government and Universities that aim to use and conduct research into wider determinants of health.

HM Land Registry House Price Index

The UK House Price Index is a National Statistic that shows changes in the value of residential properties.

Impairment

Impairment occurs when the value of a long-term asset falls below the value it is currently held at in the Balance Sheet and Asset Register.

International Accounting Standard (IAS)

Financial Regulations to be followed as set by the International Accounting Standards Board (IASB).

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are produced by the IASB (International Accounting Standards Board) with the aim of ensuring consistency within the countries adopting the standards.

Inventories

Inventories are raw materials purchased for day-to-day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the Balance Sheet.

Lead Local Flood Authority (LLFA)

Under the Flood and Water Management Act (FWMA) 2010, RCTCBC became the Lead Local Flood Authority (LLFA) for Rhondda Cynon Taf. Under this legislation, RCTCBC is required to develop, maintain, apply and monitor a strategy for local flood risk management (Local Flood Risk Management Strategy).

Local flood risk is defined as flood risk from:

- Surface water runoff
- Groundwater; and
- Ordinary watercourses.

A Flood Investigation Area (FIA) is a designated region where there is potential for flooding.

Leasing

This is a method of financing expenditure by paying the owner to use property or equipment for a number of years.

Lessee

User or renter of the leased asset or property.

Lessor

Owner or the title holder of the leased asset or property.

Liability

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

Local Flood Risk Management Strategy (LFRMS)

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Local flood risk is defined as flood risk from:

- Surface water runoff
- Groundwater; and
- Ordinary watercourses

Long-Term Asset

These are assets that are used in the provision of services (usually for more than one year).

Minimum Revenue Provision (MRP)

MRP is a charge against revenue resources representing a repayment of debt. It is a method of paying for Capital Expenditure funded by borrowing.

Modern Equivalent Valuation (MEV)

Modern Equivalent Valuation is a method of valuation that calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life.

Mutual Investment Model (MIM)

MIM schemes are projects for the design, build, finance and maintenance of public sector assets by a private sector partner. During the contract term, the Council makes annual service payments to the private sector partner. At the end of the contract, ownership of the asset transfers to the Council.

Non-Domestic Rates (NDR)

The NDR, or Business Rate, is the charge to occupiers of business premises. NDR is set by central government and is a percentage of rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

Non-Recurring Fair Values

These relate to assets that are measured at fair value due to particular circumstances. The assets which meet the criteria for assets held for sale are valued at the lower of non-recurring value less cost to sell, and its carrying value.

Operating Leases

These are leases where risks of ownership of the asset remain with the owner.

Post Balance Sheet Events

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the understanding of the accounts.

Precepts

This is the amount paid to a non-rating body (for example a community council).

Principal

An entity is acting as a Principal when it has control of the goods and services it is providing.

Prior Year Adjustment

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors.

Provision

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

Public Works Loan Board (PWLB)

The PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. The facility provides loans to local authorities.

Quinquennial

Recurring every 5 years.

Recurring Fair Value

These relate to assets that are measured at the end of each accounting period, within the rolling programme of valuations.

Related Party

A related party exists where there is control or influence by one party over another.

Right of Use Asset (ROU)

This is the leasee's right to use an asset over the life of the asset. ROU assets are Long Term Assets in the Balance Sheet where the Council is lessee

Royal Institute of Chartered Surveyors (RICS) Red Book

RICS is a professional body enforcing the highest standards in valuations. The "Red Book" contains mandatory rules and best practice guidance on these valuations.

Scheme Advisory board (SAB)

The Pensions Scheme Advisory Board is set up to encourage best practice, increase transparency and Co-ordinate technical and standards issues.

Settlement Hierarchy

A way of arranging settlements in a region into a rank order by size, population or type and range of services offered.

South East Wales Corporate Joint Committee (SEWCJC)

The South East Wales Corporate Joint Committee is comprised of 10 local authorities; Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and the Vale of Glamorgan, along with nominated representatives of the Bannau Brycheiniog (Brecon Beacons) National Park Authority.

Strain on Funds

When an employee retires early and is immediately paid a pension, without actuarial reduction, the lost contribution income and interest cost arising from the associated earlier increased cash flow is referred to as pension strain cost. The pension strain cost is determined by actuarial calculation.

Sub Lease

A sub-lease is a lease between a tenant who already holds a lease to a commercial space or property and someone (the sub-lessee) who wants to use part or all of the tenant's space. The tenant is deemed to be a sub-lessor.

Trust Fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Voluntary Aided School

Voluntary aided schools are mainly religious or faith schools, although anyone can apply for a place. The governing body employs the staff and sets admissions criteria. School land and buildings are normally owned by a charitable foundation, often a religious organisation, and the governing body contributes to building and maintenance costs.

Voluntary Controlled School

Voluntary controlled schools are similar to voluntary aided schools, but are run by the local authority. The local authority employs the school's staff and sets the admissions criteria. School land and buildings are normally owned by a charity, often a religious organisation, which also appoints some of the members of the governing body.

Welsh Government (WG)

The Welsh Government is the devolved Government for Wales. The Welsh Government consists of the First Minister, Welsh Ministers, the Counsel General and Deputy Ministers. They are supported by Civil Servants who work across devolved areas of public life such as health, education and the environment.