



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

# **DRAFT Statement of Accounts 2025/26**

# Neath Port Talbot County Borough Council

## Statement of Accounts 2025/26

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## 1. INTRODUCTION

This report presents the 2025/26 Statement of Accounts for Neath Port Talbot County Borough Council. It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

### Our Services and the Way We Work

Neath Port Talbot County Borough covers 170 sq. miles, with a population of around 142,000 people living in more than 67,000 households in communities across the County Borough.

The Council provides a variety of services supporting local communities on a daily basis, a number of which are shown below:



Within Neath Port Talbot, there are 34 electoral wards returning 60 elected members. We operate a cabinet model of local government with a Leader who is supported by nine cabinet members (the Executive). All executive decisions are taken through the Cabinet or via a Cabinet Member.

Scrutiny Committees monitor the performance and decisions of the Executive and make reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery.

Regulatory and other committees support delivery of Council services. Council has given Governance & Audit Committee the responsibility to review and approve the Financial Statements of the Council.

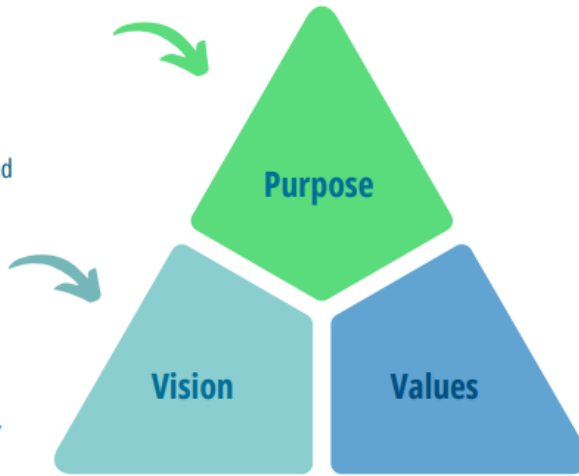
The strategic Leadership Team, consisting of the Chief Executive and Strategic Directors (plus the Section 151 Officer and Monitoring Officer), oversee the strategic management of the Council's business.

# Narrative Report

The Council's purpose, vision and values are set out in the Corporate Strategy 2025-28. It provides a strategic direction for travel and sets out the programmes across our four well-being objectives.

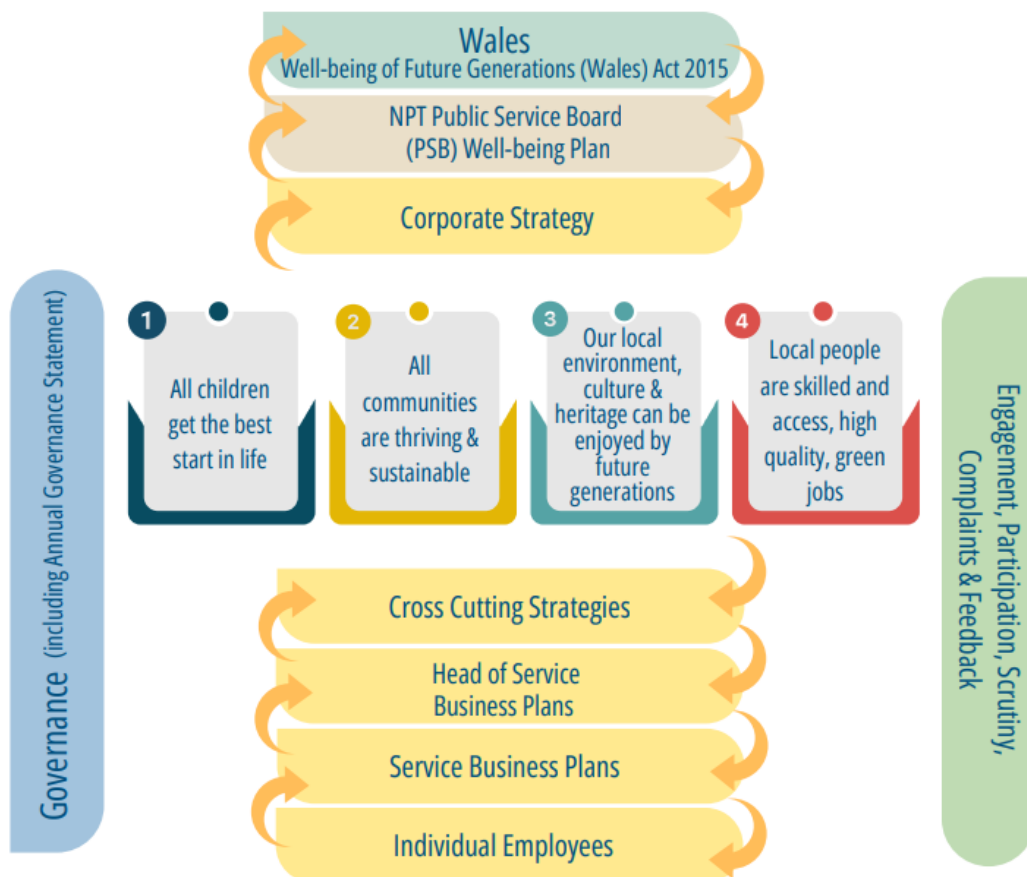
The council's **purpose** is to help Neath Port Talbot residents live good lives.

Our **vision** is to give every child the best start in life; that every community is thriving and sustainable; that our environment, heritage and culture can be enjoyed by future generations; and that local people have the skills to access well paid, sustainable jobs in the local green economy.



We hold the following **values** when carrying out our work:

- Connected** – what matters to you matters to us;
- Caring** - we care about you, your life and the future of our county borough;
- Collaborative** – we work with our citizens and partners because together we can achieve more;
- Confident** – we are optimistic and confident about the future.



The above four well-being objectives are part of the Council's Corporate Strategy 2025/28. The next steps towards our long-term vision, whilst also making a significant contribution to improving outcomes for citizens and wider stakeholders against a backdrop of a challenging financial context in the medium term (three years).

Over the last three years, we have made a positive start in working towards the ambition. In addition to the Corporate Strategy all services and functions will contribute to our well-being objectives through strengthened business planning and performance management arrangements at service / operational level.

## **2. ACCOUNTING STATEMENTS**

The Statement of Accounts is made up of a number of statements that are accompanied by explanatory notes. The following paragraphs provide an explanation of the purpose of the information included within these statements.

### **Statement of Responsibilities**

This sets out the respective responsibilities of the Council and the Section 151 officer for the preparation and approval of the Statement of Accounts.

### **Expenditure and Funding Analysis**

The expenditure and funding analysis starts by showing how annual expenditure is used and funded from resources, such as government grants, council tax and business rates. It then updates this position to show those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between directorates, which reflect the Council's management structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

### **Comprehensive Income and Expenditure Statement (CIES)**

This 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. Authorities raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

### **Movement in Reserves Statement**

This shows the movement in the year on the different reserves held by the Council, analysed into usable reserves, that is, those that can be applied to fund expenditure or reduce local taxation and other unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, 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 general fund balance.

## **Balance Sheet**

This shows a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

## **Cash Flow Statement**

This 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 borrowing to the Council.

## Narrative Report

### 3. REVENUE SPENDING IN 2025/26

The Council's budget requirement for 2025/26 was set at £405.334m.  
Actual spending compared to the budget was as follows:

Neath Port Talbot Management Accounts	Original Budget	Revised Budget	Outturn	Variance Under / (Over)
	£000	£000	£000	£000
<b>Directly Controlled Expenditure</b>				
Delegated Schools Budget	121,129	121,129	121,129	-
Education, Leisure and Lifelong Learning	34,331	34,396	35,068	(672)
Social Services, Housing and Community Safety	127,219	127,330	128,430	(1,100)
Environment	48,705	48,790	49,886	(1,096)
Strategy and Corporate Services	17,571	17,609	17,786	(177)
Finance	5,008	5,024	5,024	-
<b>Directly Controlled Expenditure</b>	<b>353,963</b>	<b>354,278</b>	<b>357,323</b>	<b>(3,045)</b>
Levies and Contributions	11,707	11,707	11,748	(41)
Treasury Management / Capital Financing	19,982	19,982	18,412	1,570
Council Tax Support	22,239	22,239	21,709	530
Contingency	(2,557)	(2,872)	(3,814)	942
<b>Other Expenditure</b>	<b>51,371</b>	<b>51,056</b>	<b>48,055</b>	<b>3,001</b>
Contribution to General Fund Working Balance & Reserves			732	(732)
<b>Total Budget</b>	<b>405,334</b>	<b>405,334</b>	<b>406,110</b>	<b>(776)</b>
<b>Funded by:</b>				
Revenue Support Grant / Non Domestic Rates	306,177	306,177	306,189	12
Less Discretionary Rate Relief	(388)	(388)	(288)	100
Council Tax - Neath Port Talbot	99,545	99,545	100,209	664
<b>TOTAL FUNDING</b>	<b>405,334</b>	<b>405,334</b>	<b>406,110</b>	<b>776</b>
<b>NET BUDGET SURPLUS / (DEFICIT) TO BALANCES</b>				<b>0</b>
<b>General Fund Working Balance</b>				
Opening Working Balance 1st April				(15,450)
Movement in Working Balance				
Closing Working Balance 31st March				(15,450)

## 4. CAPITAL SPENDING IN 2025/26

	Actual £000
<b>Capital Investment</b>	<b>90,694</b>
<b>The expenditure was financed by:</b>	
Government Grants and Other Contributions	(74,200)
Loans	(12,220)
Capital Receipts	(501)
Direct Revenue Contributions and Reserves	(3,773)
	<b>(90,694)</b>

The capital investment figure of £90.694m includes £90.151m incurred directly by the Council and £543k incurred on behalf of the Council by Caerphilly County Borough Council (CCBC). CCBC are acting on behalf of all Welsh Authorities in purchasing schools Information and Communication Technology infrastructure as part of the Welsh Governments HWB Programme. Whilst the expenditure is being incurred by Caerphilly, for accounting purposes each Council is required to reflect their element within their Statement of Accounts.

## 5. EXTERNAL DEBT

At the year end, the Council's total external debt was £278.611m which excludes accrued interest of £2.586m that is included within debt in the balance sheet. Sources of borrowing include the Public Works Loan Board and banks for long-term borrowing and other financial institutions for short term borrowing.

## 6. RESERVES AND BALANCES AT 31<sup>ST</sup> MARCH 2026

The Council holds both General and Earmarked Reserves. Earmarked reserves are set aside to support specified future revenue expenditure while the General Reserve is available to support the Council against unexpected events and emergencies. Cabinet have agreed that the general reserve balance should be maintained at 4% of the net revenue budget. The 2025/26 net revenue budget is £405.334m meaning that a general reserve of circa £16.2m should be held. With a general reserve of £15.450m and a contingency reserve of £2.143m, these added together come in line with policy.

Reserves held by the Council are as follows:

	Actual £000
Earmarked Reserves to Support Revenue Expenditure	43,198
General Reserve Working Balances	15,450
<b>Total General Reserve Balance</b>	<b>58,648</b>

### 7. REVALUATION OF ASSETS

The net book value of assets increased during 2025/26 by £14.160m. There was a £11.645m loss relating to the revaluation of assets undertaken by Environment Directorate staff namely the Strategic Property and Valuation Manager and the Principal Estates Manager.

The Council's property, plant and equipment are valued on a five-year rolling programme by the Strategic Property and Valuation Manager in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuation Practice.

The significant assumption applied when estimating the fair value of property, plant and equipment is that the asset will continue in its existing use. Where there is a market value for the asset, its value will be determined with reference to the market, but in instances where no market exists for an asset, depreciated replacement cost, which is the current cost of replacing an asset with the modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, will be used as the basis of valuation.

During 2025/26, the following categories of assets were revalued:

- Land and Vacant Buildings were valued in February 2026 on a Current Value Existing Use Valuation basis;
- Schools were valued in March 2026 on a Current Value Depreciated Replacement Cost basis;

During 2025/26 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to reflect the current economic climate and the increase in construction costs relating to these asset valuations.

Assets held for sale are valued annually and seven assets with a value of £3.6m were valued at 31st March 2026.

From 2025/26, the Council applies annual indexation to certain classes of Property, Plant and Equipment – namely operational land and buildings and surplus assets to update carrying values between full quinquennial revaluations. This approach is consistent with the CIPFA/LASAAC Code of Practice and related guidance and supports a streamlined approach to asset valuation.

Where available, market-specific indices relevant to the asset type are used, based on recognised data sources. Residential properties are indexed using the UK House Price Index. Where no suitable sector-specific indices exist, the UK Retail Price Index is applied as a default measure. Indexation assumptions are reviewed annually to ensure there is no material variance.

Indexation does not replace full valuations but is used to maintain asset values between scheduled revaluations. Resulting remeasurement gains or losses are recognised in accordance with the CIPFA Code of Practice.

### 8. INTERNATIONAL ACCOUNTING STANDARD 19 (IAS19) - PENSIONS

The accounts comply with the requirements of the above standard with the revenue accounts reflecting the current year cost of pension provision to employees as advised by the pension fund actuary. The balance sheet contains the actuary's assessment of the Council's share of the pension fund liability at 31<sup>st</sup> March.

At 31<sup>st</sup> March 2026 there was a pension fund surplus of £367.7m for the Funded Pension Scheme. Following IAS19 restrictions, this has not been recognised due to the asset ceiling having a nil value. The deficit or surplus changes on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners, and current employees.

The Unfunded Pension Funds deficit at 31<sup>st</sup> March 2026 is £20.02m.

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers' contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2025/26 relates to the valuation undertaken on 31st March 2022.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation. The Department for Communities and Local Government legislated for a new scheme which commenced in April 2014 which was designed to have a material and beneficial effect on the projected cost of the scheme over future years.

### 9. SIGNIFICANT PROVISIONS

The Council holds four significant provisions:

- An insurance provision of £4.455m to cover the likely cost of settling outstanding insurance liabilities. This is made up of a long-term provision of £2.946m and a short-term provision of £1.509m.
- A provision of £0.923m for housing warranties following the transfer of the Housing stock to Tai Tarian in March 2011.
- A provision of £0.226m to provide the costs of early retirements and redundancies which have been agreed by 31<sup>st</sup> March 2026, with leaving dates during 2026/27.
- A provision of £1.565m for site restoration costs and landscaping relating to the landfill site at Giants Grave, Briton Ferry following the transfer of the landfill site to the Council.

## 10. IMPACT OF CURRENT ECONOMIC CLIMATE ON THE COUNCIL

The period leading into and including 2025/26 continues to be characterised by economic uncertainty and structural pressures on public services. Whilst some macro-economic indicators have stabilised compared to recent years, the cumulative impact of successive shocks continues to place significant strain on local government finances.

Key factors influencing the Council during 2025/26 include the following:

- **The legacy of the pandemic** continues to be felt across a number of service areas. Demand remains elevated for social care, homelessness and housing support services, alongside sustained pressures within education. There are higher numbers of children and young people presenting with additional learning needs, mental health challenges and requirements for enhanced support to engage with education and achieve positive outcomes;
- **Global geopolitical instability**, including the ongoing impacts of the war in Ukraine and wider international tensions (particularly in Iran), continues to affect supply chains and costs. Although headline inflation has moderated from recent peaks, the underlying cost base for goods, services, construction and utilities remains significantly higher than pre-pandemic levels. Interest rates, remain elevated relative to historic norms, increasing the cost of borrowing and constraining capital investment decisions;
- **The cost-of-living crisis continues to affect residents and businesses**, particularly those on low incomes or with fixed earnings. This has driven additional demand for Council support services, whilst also increasing the risk of financial hardship, homelessness and debt within the community;
- **Labour market conditions remain challenging**. Although there has been some softening in employment levels, the market for specialist and frontline roles remains competitive, contributing to ongoing recruitment and retention difficulties. Pay pressures, agency usage and workforce shortages continue to impact service delivery. A persistently high number of working-age residents remain economically inactive, which has longer-term implications for local economic growth and public service demand;
- **The delivery of capital programmes** continues to be complex. Higher construction costs, capacity constraints within the market, planning and regulatory requirements, and interest rate pressures have increased financial and delivery risks associated with major capital schemes. These factors require enhanced programme management and prioritisation to ensure affordability and value for money;

- **Economic transition and regeneration activity** continues to require significant organisational focus and capacity. The Council remains a key partner in responding to the changes at Tata Steel UK Ltd and supporting the wider economic transition of the region. Grant funding received from UK Government through the Tata Transition Fund is being deployed in collaboration with local partners to support affected businesses, safeguard employment, promote business continuity and strengthen economic resilience. While these initiatives provide important opportunities, they also place additional demands on Council resources.

## Funding and Budget Position

Welsh Government revenue settlements in recent years have continued to fall short of the level of funding required to fully meet service demand and inflationary pressures. As a result, the Council has been required to make difficult financial decisions, including service efficiencies, income generation measures and increases in Council Tax, alongside significant internal transformation activity.

The Council set a net revenue budget for 2025/26 of £405.334m, which included a 7% increase in Council Tax. This level of funding was necessary to achieve a balanced budget and to protect, as far as possible, service provision and employment at a time of continued economic volatility. The budget reflects sustained demand pressures across all service areas, particularly within social care, education and housing-related services.

The scale and pace of change required to deliver balanced budgets in recent years has increased workloads across the organisation and placed pressure on management capacity. Nevertheless, the Council has maintained financial control and continued to deliver statutory services.

## Medium-Term Financial Outlook

The medium-term financial outlook for Welsh local authorities remains challenging. The UK Government Spending Review concluded in 2025, and the Welsh Government has indicated its intention to move towards a multi-year funding settlement for local government. While this provides the prospect of greater planning certainty, the overall funding environment is expected to remain constrained, with continued competition for limited public resources.

The Council's latest Medium Term Financial Plan (MTFP) identifies a projected funding gap over the period 2026/27 to 2028/29, driven by ongoing demand growth, pay and inflationary pressures, and the increasing cost of service delivery. These projections will continue to be reviewed and refined as greater clarity emerges on future settlements, national pay awards, inflation assumptions and the delivery of agreed transformation programmes.

Despite these challenges, the Council has a clear understanding of its financial position and has robust governance and financial management arrangements in place. The Council's track record in delivering savings, alongside the maintenance of a general reserve of £15.45m, provides a degree of short-term resilience while longer-term sustainability plans continue to be developed. On this basis, the Council's Section 151 Officer has not needed to consider the issuance of a Section 114 notice.

## **11. GROUP ACCOUNTS**

There is a requirement for local authorities to produce group accounts to recognise material financial or controlling interests in companies, voluntary organisations, public bodies, etc. An assessment was made of all such interests, and this did not identify any relationship which is considered material, therefore, group accounts have not been prepared.

## **12. CHANGE IN ACCOUNTING POLICIES**

Changes in accounting policies are made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

From 2025/26 The Council applies annual indexation to certain classes of Property, Plant and Equipment, namely operational land and buildings and surplus assets, to update carrying values between full quinquennial revaluations. This approach is consistent with the CIPFA/LASAAC Code of Practice and related guidance and supports a streamlined approach to asset valuation.

Where available, market-specific indices relevant to the asset type are used, based on recognised data sources. Residential properties are indexed using the UK House Price Index. Where no suitable sector-specific indices exist, the UK Retail Price Index is applied as a default measure. Indexation assumptions are reviewed annually to ensure there is no material variance.

Indexation does not replace full valuations but is used to maintain asset values between scheduled revaluations. Resulting remeasurement gains or losses are recognised in accordance with the Code.

## **13. FURTHER INFORMATION**

Further information relating to the accounts can be obtained from the Director of Finance, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

## The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

## Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Council's statement of accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Director of Finance has:

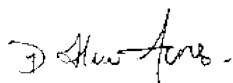
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;

## Director of Finance Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Neath Port Talbot County Borough Council as at the 31<sup>st</sup> March 2026 and of its income and expenditure for the year ended 31<sup>st</sup> March 2026.



Huw Jones

27<sup>th</sup> May 2026

## Expenditure and Funding Analysis

2024/25							2025/26		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement			
£000	£000	£000		£000	£000	£000			
146,444	19,985	166,429	Education, Leisure & Lifelong Learning	161,915	19,942	181,857			
120,595	2,927	123,522	Social Services, Health & Housing	129,301	1,530	130,831			
50,151	13,600	63,751	Environment	46,001	17,903	63,904			
20,121	(399)	19,722	Strategy & Corporate Services	20,828	(817)	20,011			
3,510	(256)	3,254	Finance	3,817	(583)	3,234			
(104)	115	11	Other Housing Services	(28)	169	141			
32,869	(12,303)	20,566	Other Central Services	29,168	(13,060)	16,108			
<b>373,586</b>	<b>23,669</b>	<b>397,255</b>	<b>Net Cost of Services</b>	<b>391,002</b>	<b>25,084</b>	<b>416,086</b>			
(360,273)	(39,607)	(399,880)	Other Income & Expenditure	(388,319)	(78,016)	(466,335)			
<b>13,313</b>	<b>(15,938)</b>	<b>(2,625)</b>	<b>(Surplus) or Deficit</b>	<b>2,683</b>	<b>(52,932)</b>	<b>(50,249)</b>			
<b>74,644</b>			<b>Opening General Fund Balance</b>	<b>61,331</b>					
(13,313)			In year movement Surplus / (Deficit)	(2,683)					
<b>61,331</b>			<b>Closing General Fund Balance</b>	<b>58,648</b>					

Further information in relation to the adjustment's column in the expenditure and funding analysis can be found in note 4.

# Comprehensive Income and Expenditure Statement

2024/25			Note No.	2025/26		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
225,908	(59,479)	<b>166,429</b>	Education, Leisure & Lifelong Learning	242,661	(60,804)	<b>181,857</b>
181,708	(58,186)	<b>123,522</b>	Social Services, Health & Housing	195,398	(64,567)	<b>130,831</b>
115,462	(51,711)	<b>63,751</b>	Environment	120,738	(56,834)	<b>63,904</b>
22,206	(2,484)	<b>19,722</b>	Strategy & Corporate Services	23,266	(3,255)	<b>20,011</b>
5,123	(1,869)	<b>3,254</b>	Finance	4,968	(1,734)	<b>3,234</b>
44,298	(44,287)	<b>11</b>	Other Housing Services	32,857	(32,716)	<b>141</b>
26,629	(6,063)	<b>20,566</b>	Other Central Services	24,655	(8,547)	<b>16,108</b>
<b>621,334</b>	<b>(224,079)</b>	<b>397,255</b>	<b>Cost of Services</b>	<b>644,543</b>	<b>(228,457)</b>	<b>416,086</b>
32,600	-	<b>32,600</b>	Other Operating Expenditure	8	34,827	-
11,784	(3,404)	<b>8,380</b>	Financing & Investment Income & Expenditure	9	11,830	(4,320)
-	(440,860)	<b>(440,860)</b>	Taxation and Non-specific Grant Income	10	-	(508,672)
<b>665,718</b>	<b>(668,343)</b>	<b>(2,625)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>691,200</b>	<b>(741,449)</b>	<b>(50,249)</b>
		<b>(81,212)</b>	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	21		<b>(1,164)</b>
		<b>1,830</b>	Actuarial (Gains)/Losses on Pension Assets/Liabilities	21		<b>(14,200)</b>
		<b>(79,382)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>			<b>(15,364)</b>
		<b>(82,007)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>			<b>(65,613)</b>

## Movements in Reserves Statement

	Restated General Fund Balance £000	Restated Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31st March 2024</b>	<b>74,644</b>	<b>4,896</b>	<b>13,863</b>	<b>93,403</b>	<b>508,286</b>	<b>601,689</b>
<b>Movement in Reserves during 2024/25</b>						
Total Comprehensive Income and Expenditure.	2,625	-	-	<b>2,625</b>	79,382	<b>82,007</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6).	(15,938)	(1,140)	11,013	<b>(6,065)</b>	6,065	-
<b>Increase/(Decrease) in Year</b>	<b>(13,313)</b>	<b>(1,140)</b>	<b>11,013</b>	<b>(3,440)</b>	<b>85,447</b>	<b>82,007</b>
<b>Balance at 31st March 2025</b>	<b>61,331</b>	<b>3,756</b>	<b>24,876</b>	<b>89,963</b>	<b>593,733</b>	<b>683,696</b>
<b>Movement in Reserves during 2025/26</b>						
Total Comprehensive Income and Expenditure.	50,249	-	-	<b>50,249</b>	15,364	<b>65,613</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6).	(52,932)	(366)	25,781	<b>(27,517)</b>	27,517	-
<b>Increase/(Decrease) in Year</b>	<b>(2,683)</b>	<b>(366)</b>	<b>25,781</b>	<b>22,732</b>	<b>42,881</b>	<b>65,613</b>
<b>Balance at 31st March 2026</b>	<b>58,648</b>	<b>3,390</b>	<b>50,657</b>	<b>112,695</b>	<b>636,614</b>	<b>749,309</b>

## Balance Sheet

31st Mar 2025 £000		Note No.	31st Mar 2026 £000
995,156	Property, Plant and Equipment	11	1,010,891
5,594	Right of Use Assets	12	10,497
995	Heritage Assets		1,027
5,086	Long Term Investments	13	86
630	Long Term Debtors	13	832
<b>1,007,461</b>	<b>Long Term Assets</b>		<b>1,023,333</b>
31,585	Short Term Investments	13	65,783
5,175	Assets Held for Sale	17	3,600
784	Inventories		792
87,294	Short Term Debtors	14	94,299
46	Cash and Cash Equivalents	16	3,049
<b>124,884</b>	<b>Current Assets</b>		<b>167,523</b>
(5,860)	Short Term Borrowing	13	(5,239)
(86,919)	Short Term Creditors	18	(112,306)
(1,789)	Short Term Provisions	19	(1,735)
<b>(94,568)</b>	<b>Current Liabilities</b>		<b>(119,280)</b>
(18,693)	Long Term Creditors	13	(20,855)
(281,153)	Long Term Borrowing	13	(275,958)
(48,800)	Other Long Term Liabilities	35	(20,020)
(5,434)	Long Term Provisions	19	(5,434)
<b>(354,080)</b>	<b>Long Term liabilities</b>		<b>(322,267)</b>
<b>683,697</b>	<b>Net Assets</b>		<b>749,309</b>
(89,963)	Usable Reserves	20	(112,695)
(593,733)	Unusable Reserves	21	(636,614)
<b>(683,696)</b>	<b>Total Reserves</b>		<b>(749,309)</b>

## Cash Flow Statement

2024/25 £000		Note No.	2025/26 £000
2,625	Net Surplus or (Deficit) on the Provision of Services.		50,249
26,825	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements.	22a	64,485
(45,054)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities.	22b	(66,120)
(15,604)	Net Cash Flows from Operating Activities.	*	48,614
(2,613)	Investing Activities.	23	(38,233)
13,654	Financing Activities.	24	(7,378)
(4,563)	Net Increase or Decrease in Cash and Cash Equivalents.		3,003
4,609	Cash and Cash Equivalents at the Beginning of the Reporting Period.		46
<b>46</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period.</b>	<b>16</b>	<b>3,049</b>

\* The cash flows for operating activities include the following items:

2024/25 £000		2025/26 £000
(3,571)	Interest Received	(4,321)
9,981	Interest Paid	10,095
-	Dividends Received	100

## 1. ACCOUNTING POLICIES

### i. General Principles

The statement of accounts summarises the Council's financial transactions for 2025/26 and its position at 31<sup>st</sup> March 2026. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended by The Accounts and Audit (Wales) (Amendment) Regulations 2018), in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS). The accounts are prepared on a going concern basis.

### ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- services received (including employees services) are recorded as expenditure when the services are received, rather than when payments are made other than for university and other similar courses where expenditure is recognised at the commencement of the course and not split over financial years.
- interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the balance sheet as creditors (receipts in advance) until the conditions have been satisfied.
- where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts are not considered collectable, the balance is reduced by a provision for doubtful debts.

### iii. Cash and Cash Equivalents

Cash includes cash in hand, overnight deposits, and bank overdrafts. Cash equivalents can be quickly converted to known amounts of cash with low risk of change in value. Cash equivalents held as part of treasury management operations are included as short-term investments.

### iv. **Prior Period Adjustments and Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, unless stated otherwise, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior periods are corrected retrospectively by amending opening balances and comparative amounts for the period.

### v. **Charges to Revenue for Non-Current Assets**

Services are charged the following amounts to record the cost of holding non-current 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.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision - MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement. The Council charges MRP on a straight-line basis over 50 years for supported borrowing and MRP for unsupported borrowing is charged based on the asset's useful life. This ensures the costs of supported capital expenditure are spread evenly over the lifetime of the assets.

### vi. **Employee Benefits**

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accrual's basis in the relevant service line in the comprehensive income and expenditure statement. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end. The accrual is charged to the Surplus or Deficit on the Provision of Service and reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accrual's basis to the comprehensive income and expenditure statement.

### **vii. Retirement Benefits**

The Council participates in two formal pension schemes, the Local Government Pension Scheme, which is administered by the City and County of Swansea Pension Fund and the Teachers' Pension Scheme, administered by the Teachers' Pension Agency. Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The nature of the teachers' scheme prevents the Council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme.

The Local Government Pension Scheme is accounted for as a defined benefits scheme as follows:

- i. The assets attributable to the Council are measured at fair value at the balance sheet date, after deducting accrued expenses. The attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the Council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the scheme are recorded as creditors due within one year.
- ii. For pension charges, the change in defined benefit asset or liability is analysed and charged to the comprehensive income and expenditure statement as follows:
  - Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
  - Net interest on the net defined benefit liability is included within financing and investment income and expenditure; and
  - Actuarial gains / losses are incorporated within other comprehensive income and expenditure.

Further details for pensions can be found in notes 34 and 35.

### **viii. Financial Instruments**

These are recognised in the balance sheet when the Council becomes a party to the contractual provisions and are initially measured at fair value.

Financial liabilities are carried at their amortised cost. For most of the Council's borrowing, it means that the amount presented in the balance sheet is the outstanding principal repayable, plus accrued interest. Annual interest, which is the amount payable for the year according to the loan agreement, is charged to the financing and investment income and expenditure line within the comprehensive income and expenditure statement. The Council has spread the cost of historical premiums and discounts arising from debt rescheduling over the financial term of the replacement loan. The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial instrument's adjustment account in the movement in reserves statement.

Financial assets are classified to reflect the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at amortised cost and fair value. Financial assets measured at amortised cost are recognised when the Council becomes a party to the contractual provision of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

The Council's investments at 31<sup>st</sup> March 2026 had no impairment allowance included for these financial assets, as the risk is immaterial. The Council's debtor position, excluding council tax, is included within the financial assets statement. These debts have been reviewed and although there is no significant financing component, funds are set aside for any potential impairment based on a collective assessment of the value and age of the outstanding debt.

### **ix. Heritage Assets**

Heritage assets are defined as assets that have historical, artistic, scientific, technological, geographical, or environmental qualities, which are held and maintained principally for their contribution to knowledge and culture.

The Council holds heritage assets on the balance sheet in relation to works of art. Assets are included when an insurance valuation has been undertaken and the valuation for the individual asset is £5,000 or more. In the absence of historic cost, the insurable sum is deemed as an appropriate and relevant method of valuation, with the last valuation undertaken by Sotheby's in 2022. These items are considered to have indeterminate lives and a high residual value, consequently the Council does not consider it appropriate to charge depreciation.

### **x. Interest in Companies and Other Entities**

The Council holds no material value interests in companies and other entities that have the nature of subsidiaries, associates, and jointly controlled entities and therefore there is no requirement to prepare group accounts. Transactions for the Council's companies are included within the Council's own single entity accounts.

### **xi. Inventories**

Inventories are included in the balance sheet at average purchase price or latest purchase price, which is a departure from normal practice which values stock at the lower of cost or net realisable value. The effect of this departure is not material.

### **xii. Leases**

The Council classifies contracts as leases based on their substance. Where a lease covers both land and buildings, each element is considered separately for classification purposes.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy.

#### **The Council as Lessee**

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include - fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment. Leases of low value assets (less than £10,000 when new) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

#### **The Council as Lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **xiii. Overhead and Support Costs**

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

### **xiv. Property, Plant and Equipment (PPE)**

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.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's 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. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, such as repairs and maintenance, is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, that is estimated at highest and best use from a market participant's perspective. 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.

From 2025/26, the Council applies annual indexation to operational land and buildings and surplus assets to update carrying values between quinquennial valuations, in accordance with the CIPFA/LASAAC Code of Practice. Market-specific indices are used where available, with residential properties indexed using the UK House Price Index and the UK Retail Price Index applied where no suitable sector-specific index exists. Indexation assumptions are reviewed annually to ensure values remain materially accurate. Indexation does not replace full valuations, and any resulting remeasurement gains or losses are recognised in accordance with the Code.

## Notes to the Accounts

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Assets are carried in the balance sheet using the following measurement bases:

- **Land and buildings** existing use value (EUV) or depreciated replacement cost if no market evidence.
- **School assets** – depreciated replacement cost (DRC).
- **Infrastructure assets** - depreciated historical cost.
- **Community assets** – depreciated historical cost.
- **Assets under construction** – depreciated historical cost.
- **Surplus assets** – fair value.
- **Vehicles plant and equipment** - existing use value or depreciated historical cost if of low value or short life.
- **Assets held for sale** – revalued immediately before reclassification.
- **Service concessions** – Existing use value (EUV) or depreciated replacement cost (DRC) if no market-based evidence.

### Revaluations

The Council's internal valuer undertakes this exercise in accordance with the professional standards of the Royal Institution of Chartered Surveyors. Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. The Council must balance the requirement to include asset values at their fair or current value each year end with the costs involved in providing valuations. To ensure the information is materially correct, the Council valuer undertake an annual review to identify any significant impairments or change in the usage of assets.

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.

### Impairment and Downward Revaluation

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired in value because of a change in service potential or significant and permanent changes to the market value.

- 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, the carrying amount of the asset is written down against the relevant service lines in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines 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.

# Notes to the Accounts

## Depreciation

Depreciation is provided for on all property plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for:

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

Depreciation is calculated on the value of the asset at the start of the financial year on the following bases:

<b>Asset</b>	<b>Policy</b>	<b>Life</b>
Land	No depreciation	N/A
Buildings	Straight line depreciation on estimated remaining life	3 - 40 years
School Assets	Straight line depreciation on estimated remaining life	40 – 50 years
Vehicles, Plant, Furniture and Equipment	Straight line depreciation on estimated remaining life	3 – 20 years
Infrastructure	Straight line depreciation on estimated remaining life	40 years
Community Assets	Straight line depreciation on estimated remaining life	5 - 40 years
Surplus assets	Straight line depreciation on estimated remaining life	5 - 40 years
Service Concession	Straight line depreciation on estimated remaining life	3 - 40 years

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement against any receipts arising from the disposal as a gain or loss on disposal. If more than £10,000 is received at disposal, this is treated as a capital receipt and kept in a reserve that can only be used for capital purposes.

## Componentisation

Where a single asset may have a number of different components, each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation.

These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non land assets that have a net book value of more than £2.5m of total net book value.

## Notes to the Accounts

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- significance of component. For individual assets meeting the above threshold, where services within a building, such as boilers, heating, lighting, ventilation, etc., are a material component of the cost of that asset, i.e. greater than 30%, then those services will be valued separately on a component basis.
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that do not meet the test above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

### **xv. Service Concessions**

These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant, and equipment.

Further details of service concession costs and liabilities can be found in note 33.

### **xvi. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are based on the Council's obligations arising from a past event, the probability that a transfer of economic benefit will take place and when a reliable estimate can be made of the value of the obligation. They are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date.

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

Contingent liabilities and assets are included where an event has taken place that gives a possible obligation or asset arising from past events, which will only materialise if certain events not wholly within the control of the Council take place. They are not recognised in the balance sheet but disclosed in a note to the accounts when material.

### **xvii. Reserves**

Usable reserves are set aside for future policy purposes or contingencies.

Unusable reserves are set aside to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council.

### **xviii. Revenue Expenditure Funded from Capital Under Statute**

Legislation requires defined items of revenue expenditure charged to services within the comprehensive income and expenditure statement to be treated as capital expenditure. This is transferred from the general fund balance via the movement in reserves statement to the capital adjustment account and is included in the capital expenditure and financing disclosure at note 32.

### **xix. Schools**

School assets, liabilities, reserves, transactions, and cash flows are included in the Council's financial statements, which complies with the accounting Code.

### **xx. Value Added Tax (VAT)**

VAT payable is excluded from expenditure except when it cannot be recovered from HM Revenues and Customs. VAT receivable is excluded from income.

## **2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The Code of Practice requires that the Council disclose information relating to the anticipated impact of any accounting change required by a new International Accounting Standard (IAS) or International Financial Reporting Standards (IFRS) that has been issued but not yet adopted by the Code. This requirement applies to the adoption of the following new or amended standards.

The 2026/27 Code introduces changes arising from the accounting guidance in relation to:

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

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

## **3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The 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 balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's balance sheet at 31<sup>st</sup> March 2026, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

### **Property Plant and Equipment**

Revaluation of the Council's assets is undertaken on a 5-year rolling programme. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS. Revaluation takes account of the value and condition of the asset, relevant components and also de-recognition where appropriate. Additional valuations have been undertaken in the current year to ensure that the assets in the balance sheet are materially correct.

From 2025/26, the Council applies annual indexation to operational land and buildings and surplus assets to update carrying values between quinquennial valuations, in accordance with the CIPFA/LASAAC Code of Practice. Market-specific indices are used where available, with residential properties indexed using the UK House Price Index and the UK Retail Price Index applied where no suitable sector-specific index exists. Indexation assumptions are reviewed annually to ensure values remain materially accurate. Indexation does not replace full valuations, and any resulting remeasurement gains or losses are recognised in accordance with the Code.

### **Pensions Liability**

Estimation of the net 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. A firm of consulting actuaries was engaged to provide the Council with expert advice and assumptions and the various costings and disclosures necessary to comply with the code of practice. If any of the assumptions change as a result of actual experience, then the net liability of the Council would increase or decrease as a result.

### **Provisions – Insurance Claims**

The Council has a provision of £4.455m as at 31<sup>st</sup> March 2026 to meet the potential cost of insurance liabilities. The number and value of potential claims includes actuarial assumptions particularly in respect of the most recent financial years, as these are immature in terms of insurance experience. Any significant change in assumptions and/or number and value of claims could significantly alter the value of the provision. The Council holds insurance reserves to mitigate any risk.

## Notes to the Accounts

### 4. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

These adjustments are made to present the Council's accounts on an accounting and funding basis in accordance with generally accepted accounting practices. Further details in relation to these adjustments can be found in the note on "Adjustments between accounting basis and funding basis under regulations."

	2025/26			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	25,979	(5,965)	(72)	19,942
Social Services, Health & Housing Environment	5,690	(4,665)	505	1,530
Strategy & Corporate Services	21,328	(3,545)	120	17,903
Finance	738	(1,577)	22	(817)
Other Housing Services	-	(592)	9	(583)
Other Central Services	-	-	169	169
	(12,993)	(6)	(61)	(13,060)
<b>Net Cost of Services</b>	<b>40,742</b>	<b>(16,350)</b>	<b>692</b>	<b>25,084</b>
Other Income & Expenditure	(79,151)	1,770	(635)	(78,016)
<b>Difference Between General Fund and CIES (Surplus)/Deficit</b>	<b>(38,409)</b>	<b>(14,580)</b>	<b>57</b>	<b>(52,932)</b>

	2024/25			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	20,942	(3,116)	2,159	19,985
Social Services, Health & Housing Environment	4,774	(2,422)	575	2,927
Strategy & Corporate Services	15,191	(1,884)	293	13,600
Finance	295	(840)	146	(399)
Other Housing Services	-	(315)	59	(256)
Other Central Services	-	-	115	115
	(12,387)	(2)	86	(12,303)
<b>Net Cost of Services</b>	<b>28,815</b>	<b>(8,579)</b>	<b>3,433</b>	<b>23,669</b>
Other Income & Expenditure	(41,070)	1,750	(287)	(39,607)
<b>Difference Between General Fund and CIES (Surplus)/Deficit</b>	<b>(12,255)</b>	<b>(6,829)</b>	<b>3,146</b>	<b>(15,938)</b>

## Notes to the Accounts

### 5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The following table discloses the nature of expenses and income, analysing the comprehensive income and expenditure on a subjective basis. These figures include the expenditure and income for all schools, which follows the reporting requirements stipulated by the Code of Practice.

2024/25 £000		2025/26 £000
	<b>Expenditure</b>	
276,006	Employee Benefits.	283,406
308,482	Other Service Expenses.	311,340
36,559	Depreciation, Amortisation and Impairment.	49,162
12,071	Interest Payable.	12,465
30,798	Precepts and Levies.	33,186
1,802	Gain on the Disposal of Assets.	1,641
<b>665,718</b>	<b>Total Expenditure</b>	<b>691,200</b>
	<b>Income</b>	
(73,244)	Fees, Charges and Other Service Income.	(77,355)
(3,404)	Interest and Investment Income.	(4,320)
(164,031)	Income from Council Tax, National Non Domestic	(172,986)
(427,664)	Government Grants and Contributions.	(486,788)
<b>(668,343)</b>	<b>Total Income</b>	<b>(741,449)</b>
<b>(2,625)</b>	<b>(Surplus) / Deficit for Year</b>	<b>(50,249)</b>

The total income for fees, charges and other service income identified on the previous table is collected from the following service segments, which reflect the Council's management structure:

2024/25 £000		2025/26 £000
	<b>Income</b>	
(10,637)	Education, Leisure & Lifelong Learning	(10,660)
(34,573)	Social Services, Health & Housing	(39,758)
(19,226)	Environment	(17,186)
(1,423)	Strategy & Corporate Services	(1,660)
(1,139)	Finance	(1,039)
(6,246)	Other Central Services	(7,052)
<b>(73,244)</b>	<b>Fees, Charges and Other Service Income</b>	<b>(77,355)</b>

### 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

#### **General Fund Balance**

The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

#### **Capital Receipts Reserve**

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

#### **Capital Grants Unapplied**

The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## Notes to the Accounts

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2025/26	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets.	36,749	-	-	(36,749)
Revaluation (gains) / losses on property, plant and equipment.	12,413	-	-	(12,413)
Capital grants and contributions applied.	(65,986)	-	-	65,986
Revenue expenditure funded from capital under statute.	28,066	-	-	(28,066)
Amounts of non current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement.	1,775	-	-	(1,775)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment.	(13,524)	-	-	13,524
Capital expenditure charged against the general fund.	(3,773)	-	-	3,773
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement.	(33,995)	-	33,995	0
Application of grants to capital financing transferred to the capital adjustment account.	-	-	(8,214)	8,214
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain) / loss on disposal to the comprehensive income and expenditure	(134)	134	-	0
Use of the capital receipts reserve to finance new capital expenditure.	-	(501)	-	501
Transfer from deferred capital receipts reserve upon receipt of cash.	-	1	-	(1)
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account.	22,530	-	-	(22,530)
Employer's pension contributions and direct payments to pensioners payable in the year.	(37,110)	-	-	37,110
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	57	-	-	(57)
<b>Total adjustments</b>	<b>(52,932)</b>	<b>(366)</b>	<b>25,781</b>	<b>27,517</b>

## Notes to the Accounts

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2024/25	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets.	36,081	-	-	(36,081)
Revaluation (gains) / losses on property, plant and equipment.	478	-	-	(478)
Capital grants and contributions applied.	(44,894)	-	-	44,894
Revenue expenditure funded from capital under statute.	25,009	-	-	(25,009)
Amounts of non current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement.	1,962	-	-	(1,962)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment.	(12,836)	-	-	12,836
Capital expenditure charged against the general fund.	(5,372)	-	-	5,372
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement.	(12,523)	-	12,523	0
Application of grants to capital financing transferred to the capital adjustment account.	-	-	(1,510)	1,510
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain) / loss on disposal to the comprehensive income and expenditure	(160)	160	-	0
Use of the capital receipts reserve to finance new capital expenditure.	-	(1,300)	-	1,300
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account.	28,440	-	-	(28,440)
Employer's pension contributions and direct payments to pensioners payable in the year.	(35,270)	-	-	35,270
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	3,147	-	-	(3,147)
<b>Total adjustments</b>	<b>(15,938)</b>	<b>(1,140)</b>	<b>11,013</b>	<b>6,065</b>

## Notes to the Accounts

### 7. MOVEMENT IN RESERVES

This note sets out the amounts set aside from the general fund into reserves to provide financing for future expenditure plans.

	Balance at 31st Mar 2024 £000	Movement in 2024/25 £000	Balance at 31st Mar 2025 £000	Movement in 2025/26 £000	Balance at 31st Mar 2026 £000
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b>DELEGATED SCHOOLS CASH</b>					
Under Local Government Management of Schools, schools are able to carry forward surpluses and deficits. These reserves are ring fenced for each individual school.					
Primary Schools Reserves	617	1,306	1,923	3,736	5,659
Secondary Schools Reserves	(983)	936	(47)	124	77
Special Schools Reserves	(891)	89	(802)	(131)	(933)
Middle Schools Reserves	891	769	1,660	126	1,786
<b>REPAIR &amp; MAINTENANCE</b>					
This includes funding to meet the cost of repairs and maintenance in schools.					
	(161)	-	(161)	-	(161)
<b>TOTAL DELEGATED SCHOOL</b>	<b>(527)</b>	<b>3,100</b>	<b>2,573</b>	<b>3,855</b>	<b>6,428</b>
<b>ADDITIONAL LEARNING NEEDS (ALN)</b>					
This reserve is to support children with ALN and the implementation of the Additional Learning Needs Reform Act.					
	(1,102)	204	(898)	(125)	(1,023)
<b>MARGAM DISCOVERY CENTRE, BUILDING MAINTENANCE</b>					
To build up a renewal fund that can be used to help fund large building maintenance recharges in the future.					
	(174)	(58)	(232)	(62)	(294)
<b>EQUALISATION ACCOUNT EDUCATION</b>					
To provide year on year equalisation support for the directorate.					
	(2,034)	(601)	(2,635)	207	(2,428)
<b>LEISURE</b>					
Leisure investment fund.					
	-	-	-	(72)	(72)
<b>HOME TO SCHOOL TRANSPORT</b>					
This reserve was created to manage the variation between academic and financial years.					
	(253)	253	-	-	-
<b>TOTAL EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>	<b>(4,090)</b>	<b>2,898</b>	<b>(1,192)</b>	<b>3,803</b>	<b>2,611</b>

## Notes to the Accounts

	<b>Balance at 31st Mar 2024 £000</b>	<b>Movement in 2024/25 £000</b>	<b>Balance at 31st Mar 2025 £000</b>	<b>Movement in 2025/26 £000</b>	<b>Balance at 31st Mar 2026 £000</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING SUBSTANCE MISUSE AREA PLANNING BOARD</b>					
To fund the service across the Western Bay area.	(373)	(151)	(524)	145	(379)
<b>WESTERN BAY SAFEGUARDING BOARD</b>					
Transfer of partner's surplus contributions to fund future safeguarding work across Western Bay.	(88)	(62)	(150)	(16)	(166)
<b>HEMOCARE EQUIPMENT</b>					
Electronic Call Monitoring (ECM) Equipment reserve to replace mobile phones.	(90)	90	-	-	-
<b>COMMUNITY CARE TRANSFORMATION</b>					
To fund support and expertise needed to drive forward change required to achieve savings put forward in the Financial Plan.	(1,050)	915	(135)	-	(135)
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING INFORMATION TECHNOLOGY RENEWALS FUND</b>					
To replace information technology equipment, systems and telephony when required.	(1,900)	1,472	(428)	-	(428)
<b>EQUALISATION SOCIAL SERVICES</b>					
To provide year on year equalisation support for the directorate.	(1,270)	1,270	-	(1,000)	(1,000)
<b>COMMUNITY RESILIENCE FUND</b>					
To support the development of community activity and volunteering opportunities.	(1,750)	1,750	-	-	-
<b>HOUSING WARRANTIES</b>					
This reserve has been set aside in recognition of the warranties to potential liabilities following the transfer of Housing Services.	(220)	-	(220)	-	(220)
<b>HILLSIDE GENERAL RESERVE</b>					
The depreciation charge recovered through fees is set aside for capital renewal.	(575)	(512)	(1,087)	(1,102)	(2,189)
<b>RING FENCED HEMOCARE FUNDING</b>					
To support driving test and electric vehicle provision for Homecare Workers.	(71)	55	(16)	-	(16)
<b>YOUTH OFFENDING SERVICE (YOS)</b>					
To meet the costs of providing therapeutic remand placements for young offenders, and also to meet the costs of YOS Managers Cymru and South Wales YOS Training.	(168)	28	(140)	-	(140)
<b>ADOPTION SERVICE</b>					
To fund the additional contribution to the regional adoption service if NPT adoption placements are higher than expected.	(380)	380	-	-	-
<b>TOTAL SOCIAL SERVICES, HEALTH &amp; HOUSING</b>	<b>(7,935)</b>	<b>5,235</b>	<b>(2,700)</b>	<b>(1,973)</b>	<b>(4,673)</b>

## Notes to the Accounts

	<b>Balance at 31st Mar 2024 £000</b>	<b>Movement in 2024/25 £000</b>	<b>Balance at 31st Mar 2025 £000</b>	<b>Movement in 2025/26 £000</b>	<b>Balance at 31st Mar 2026 £000</b>
<b>ENVIRONMENT</b>					
<b>TRANSPORT</b>					
To fund a cost effective transport and plant renewal programme.	(540)	-	(540)	-	(540)
<b>ASSET RECOVER INCENTIVE SCHEME</b>					
To smooth timing of expenditure.	(88)	-	(88)	-	(88)
<b>SWANSEA BAY CITY DEAL</b>					
To cover future expenditure as part of the five year plan.	(265)	-	(265)	-	(265)
<b>LOCAL DEVELOPMENT PLAN</b>					
Statutory obligation to develop a local development plan by all unitary authorities in Wales in line with Welsh Government guidance.	(355)	77	(278)	(16)	(294)
<b>PARKING IMPROVEMENT</b>					
Car park maintenance and up keep.	(64)	31	(33)	19	(14)
<b>WASTE</b>					
To provide funding to ensure that an efficient and economical waste service can be provided.	(2,689)	2,171	(518)	(101)	(619)
<b>WINTER MAINTENANCE</b>					
To aid in event of severe flooding / gritting.	(668)	-	(668)	55	(613)
<b>NEATH MARKET</b>					
To fund future repairs at Neath Market.	(253)	-	(253)	20	(233)
<b>BAGLAN BAY INNOVATION CENTRE, DILAPIDATION</b>					
Funding from Welsh Government for outstanding maintenance works including future essential repairs & upgrades.	(78)	-	(78)	-	(78)
<b>RENEWABLE ENERGY</b>					
Feeding tariff income to fund future schemes.	(24)	-	(24)	(7)	(31)
<b>EQUALISATION ACCOUNT</b>					
<b>ENVIRONMENTAL HEALTH, HOUSING</b>					
To smooth timing of expenditure for delayed inspections.	(37)	-	(37)	-	(37)
<b>WASTE PACKAGING</b>					
Extended Producer Responsibility money for the collection, sorting, treatment, recycling and disposal of packaging waste to enable more efficient and effective service delivery in future.	-	-	-	(3,574)	(3,574)
<b>EQUALISATION ACCOUNT ENVIRONMENT</b>					
To fund Directorate one off pressures.	(1,853)	(508)	(2,361)	(969)	(3,330)
<b>METAL BOX</b>					
To smooth maintenance costs until building has been fully leased.	-	(404)	(404)	30	(374)
<b>PANTTEG LANDSLIP</b>					
The reserve is set up to fund ongoing costs.	(435)	66	(369)	26	(343)
<b>ENVIRONMENT LEGACY (South Wales Trunk Road Agency)</b>					
Financial assistance to help ensure contract success.	(260)	136	(124)	-	(124)

## Notes to the Accounts

	Balance at 31st Mar 2024 £000	Movement in 2024/25 £000	Balance at 31st Mar 2025 £000	Movement in 2025/26 £000	Balance at 31st Mar 2026 £000
<b>ENVIRONMENT CONTINUED</b>					
<b>TRADING ACCOUNTS</b>					
<b>EQUALISATION ACCOUNT OPERATING</b>					
Smooth timing of expenditure.	(36)	-	(36)	-	(36)
<b>VEHICLE TRACKING</b>					
To provide funds for the vehicle tracking initiative.	(121)	91	(30)	(129)	(159)
<b>VEHICLE RENEWALS</b>					
To fund a cost effective transport & plant programme to meet service requirements and enhancements.	(4,606)	(1,024)	(5,630)	(284)	(5,914)
<b>TOTAL ENVIRONMENT</b>	<b>(12,372)</b>	<b>636</b>	<b>(11,736)</b>	<b>(4,930)</b>	<b>(16,666)</b>
<b>STRATEGY &amp; CORPORATE SERVICES</b>					
<b>EQUALISATION ACCOUNT ELECTIONS FUND</b>					
To meet cost of 4 year cycle of elections.	(105)	38	(67)	45	(22)
<b>HEALTH &amp; SAFETY / OCCUPATIONAL HEALTH</b>					
Equalisation of spend.	(41)	-	(41)	41	-
<b>DIGITAL TRANSFORMATION</b>					
To support the Council's Digital Transformation Programme.	(1,170)	95	(1,075)	(43)	(1,118)
<b>EQUALISATION ACCOUNT SCHOOLS IT (HWB)</b>					
This reserve is to fund schools IT costs.	(400)	(50)	(450)	-	(450)
<b>DIGITAL RENEWAL FUND</b>					
To spread the cost of major investment in the Council's IT.	(1,286)	720	(566)	121	(445)
<b>CHIEF EXECUTIVE EQUALISATION</b>					
To fund one off pressures arising across the directorate.	(202)	97	(105)	(36)	(141)
<b>ORGANISATIONAL DEVELOPMENT</b>					
To support the organisational development programme.	(3,595)	2,034	(1,561)	397	(1,164)
<b>BUILDING CAPACITY</b>					
This relates to developing capacity in relation to transformational projects across the Council.	(177)	102	(75)	75	-
<b>TOTAL STRATEGY &amp; CORPORATE SERVICES</b>	<b>(6,976)</b>	<b>3,036</b>	<b>(3,940)</b>	<b>600</b>	<b>(3,340)</b>
<b>FINANCE</b>					
<b>FINANCIAL SERVICE EQUALISATION</b>					
To fund one off pressures arising across the directorate.	-	(211)	(211)	(91)	(302)
<b>TOTAL FINANCE</b>	<b>0</b>	<b>(211)</b>	<b>(211)</b>	<b>(91)</b>	<b>(302)</b>

## Notes to the Accounts

	<b>Balance at 31st Mar 2024 £000</b>	<b>Movement in 2024/25 £000</b>	<b>Balance at 31st Mar 2025 £000</b>	<b>Movement in 2025/26 £000</b>	<b>Balance at 31st Mar 2026 £000</b>
<b>CORPORATE OTHER</b>					
<b>INSURANCE</b>					
This reserve is generated from insurance settlements and surpluses from claims handling arrangements. It will be used to fund future insurance related projects and claims.	(4,165)	321	(3,844)	1,447	(2,397)
<b>COVID RECOVERY</b>					
To help NPT services after two years of COVID with one off posts and works.	(657)	402	(255)	106	(149)
<b>INCOME GENERATION</b>					
This reserve is to support income generation ideas.	(113)	-	(113)	113	-
<b>CAPITAL SUPPORT</b>					
To fund future capital expenditure.	(683)	-	(683)	-	(683)
<b>HARDSHIP RELIEF SCHEME</b>					
To develop a range of measures to support the cost of living crisis.	(812)	362	(450)	450	-
<b>SERVICE RESILIENCE</b>					
To meet short term service staffing issues.	(97)	97	-	-	-
<b>DISCRETIONARY FUND</b>					
Funds set aside to support Welsh Government discretionary cost of living support scheme.	(100)	-	(100)	-	(100)
<b>CORPORATE CONTINGENCY</b>					
To fund unforeseen future pressures in delivering the forward financial plan.	(2,508)	(1,121)	(3,629)	1,486	(2,143)
<b>EQUALISATION ACCOUNT TREASURY MANAGEMENT</b>					
This reserve will be used to equalise the impact of fluctuations in Treasury Management returns and fund future borrowing decisions.	(9,013)	(1,482)	(10,495)	4,938	(5,557)
<b>ACCOMMODATION STRATEGY</b>					
This reserve will be used to support the Authority's Accommodation Strategy and other property costs.	(2,973)	785	(2,188)	389	(1,799)
<b>TRANSFORMATION AND MODERNISATION</b>					
Strategic investment to transform services.	(6,700)	2,906	(3,794)	(3,056)	(6,850)
<b>EARLY RETIREMENT AND VOLUNTARY REDUNDANCY</b>					
To fund future early retirement and voluntary redundancy costs.	-	-	-	(895)	(895)
<b>TATA Transition Fund</b>					
To Fund future support for businesses and individuals affected by Tata Steel UK decarbonisation transition.	-	(300)	(300)	198	(102)
<b>CELTIC FREEPORT</b>					
To fund programme management support for Celtic Freeport.	-	(152)	(152)	72	(80)
<b>LEVELLING UP</b>					
To fund future redundancy costs.	-	(99)	(99)	26	(73)
<b>TOTAL CORPORATE OTHER</b>	<b>(27,821)</b>	<b>1,719</b>	<b>(26,102)</b>	<b>5,274</b>	<b>(20,828)</b>

## Notes to the Accounts

	Balance at 31st Mar 2024 £000	Movement in 2024/25 £000	Balance at 31st Mar 2025 £000	Movement in 2025/26 £000	Balance at 31st Mar 2026 £000
<b>TOTAL REVENUE EARMARKED RESERVES</b>	(59,194)	13,313	(45,881)	2,683	(43,198)
<b>GENERAL RESERVE WORKING BALANCES</b>					
Revenue reserve to fund non-specific future expenditure.	(15,450)	-	(15,450)	-	(15,450)
	<b>0</b>	<b>13,313</b>	<b>(61,331)</b>	<b>2,683</b>	<b>(58,648)</b>

### 8. OTHER OPERATING EXPENDITURE

2024/25 £000		2025/26 £000
2,779	Community Council Precepts.	2,949
28,019	Precepts and Levies (Police and Fire).	30,237
1,802	(Gains)/Losses on the Disposal of Non Current Assets.	1,641
<b>32,600</b>	<b>Total</b>	<b>34,827</b>

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25 £000		2025/26 £000
10,321	Interest Payable and Similar Charges.	10,695
1,750	Pension Interest Cost and Expected Return on Pension Assets.	1,770
(287)	Changes in Impairment Loss Allowance.	(635)
(3,404)	Interest Receivable and Similar Income.	(4,320)
<b>8,380</b>	<b>Total</b>	<b>7,510</b>

### 10. TAXATION AND NON-SPECIFIC GRANT

2024/25 £000		2025/26 £000
(112,622)	Council Tax Income.	(121,979)
(51,409)	Non Domestic Rates.	(51,007)
(233,957)	Non Ring Fenced Government Grants.	(254,894)
(42,872)	Capital Grants and Contributions.	(80,792)
<b>(440,860)</b>	<b>Total</b>	<b>(508,672)</b>

### 11. PROPERTY, PLANT AND EQUIPMENT (PPE)

From 2025/26, the Council applies annual indexation to operational land and buildings and surplus assets to update carrying values between quinquennial valuations, in accordance with the CIPFA/LASAAC Code of Practice.

Market-specific indices are used where available, with residential properties indexed using the UK House Price Index and the UK Retail Price Index applied where no suitable sector-specific index exists. Indexation assumptions are reviewed annually to ensure values remain materially accurate. Indexation does not replace full valuations, and any resulting remeasurement gains or losses are recognised in accordance with the Code.

In accordance with the Temporary Relief offered by the update to the 2021/22 Code of Practice 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 the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Service Concessions - These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant, and equipment.

Further details of service concession costs and liabilities can be found in note 33.

During the year, the carrying value of heritage assets increased by £32,000 reflecting the acquisition of an additional heritage asset. The asset has been recognised in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and has been included at its appropriate valuation as at the reporting date.

## Notes to the Accounts

2025/26	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1st April 2025	694,599	30,288	848	8,852	13,616	<b>748,203</b>	27,429
Additions.	10,264	2,842	-	227	36,891	<b>50,224</b>	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve.	(19,514)	-	-	216	-	<b>(19,298)</b>	(3,175)
Revaluation Increases / (Decreases) Recognised in the Surplus/Deficit on the Provision of Services.	(15,013)	-	-	33	-	<b>(14,980)</b>	(16)
Derecognition - Disposals.	(50)	(980)	-	-	-	<b>(1,030)</b>	-
Derecognition - Other.	(7,762)	(1,657)	-	-	-	<b>(9,419)</b>	-
Assets Reclassified (to)/from Held for Sale.	-	-	-	382	-	<b>382</b>	-
Change in Asset Classification.	20,195	-	-	(404)	(19,791)	<b>0</b>	-
Other Movements in Cost of Valuation.	-	-	-	-	-	<b>0</b>	(2,100)
<b>At 31st March 2026</b>	<b>682,719</b>	<b>30,493</b>	<b>848</b>	<b>9,306</b>	<b>30,716</b>	<b>754,082</b>	<b>22,138</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2025	(25,459)	(16,067)	-	-	(4)	<b>(41,530)</b>	1
Depreciation Charge.	(20,441)	(2,846)	-	(75)	-	<b>(23,362)</b>	(2,568)
Depreciation Written Out to the Revaluation Reserve.	19,776	-	-	64	-	<b>19,840</b>	2,568
Depreciation Written Out to the Surplus / Deficit on the Provision of Services.	2,565	-	-	3	-	<b>2,568</b>	-
Derecognition - Disposals.	-	929	-	-	-	<b>929</b>	-
Derecognition - Other.	-	1,321	-	-	-	<b>1,321</b>	-
Change in Asset Classification.	(8)	-	-	8	-	<b>0</b>	-
Other Movements in Depreciation and Impairment.	-	-	-	-	-	<b>0</b>	-
<b>At 31st March 2026</b>	<b>(23,567)</b>	<b>(16,663)</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>(40,234)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2026	659,152	13,830	848	9,306	30,712	<b>713,848</b>	22,139
At 31st March 2025	669,140	14,221	848	8,852	13,612	<b>706,673</b>	27,430

### Depreciation

The following useful lives have been used in the calculation of depreciation:

- Land – Depreciation not applicable
- Buildings – A minimum of 20 years
- Vehicles, Plant, Furniture and Equipment – 3 to 20 years
- Infrastructure – 40 Years

### Effects of Changes in Estimates

During 2025/26, there have been no material changes made to the accounting estimates for property, plant, and equipment.

## Notes to the Accounts

2024/25	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1st April 2024	627,053	31,231	873	8,520	9,218	<b>676,895</b>	22,790
Additions	7,237	3,891	-	1,192	18,734	<b>31,054</b>	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve.	62,928	-	(26)	128	-	<b>63,030</b>	4,639
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services.	(862)	(138)	(2)	(3,323)	(470)	<b>(4,795)</b>	-
Derecognition - Disposals.	(64)	(920)	-	-	-	<b>(984)</b>	-
Derecognition - Other.	(9,025)	(4,081)	-	-	-	<b>(13,106)</b>	-
Assets Reclassified (to) / from Held for Sale.	-	-	-	(370)	-	<b>(370)</b>	-
Change in Asset Classification.	7,332	(102)	3	2,705	(13,866)	<b>(3,928)</b>	-
Other Movements in Cost of Valuation.	-	407	-	-	-	<b>407</b>	-
<b>At 31st March 2025</b>	<b>694,599</b>	<b>30,288</b>	<b>848</b>	<b>8,852</b>	<b>13,616</b>	<b>748,203</b>	<b>27,429</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2024	(26,909)	(17,497)	-	(200)	(4)	<b>(44,610)</b>	1
Depreciation Charge.	(20,536)	(3,226)	-	(79)	-	<b>(23,841)</b>	(3,020)
Depreciation Written Out to the Revaluation Reserve.	17,761	-	-	273	-	<b>18,034</b>	3,020
Depreciation Written Out to the Surplus/Deficit on the Provision of Services.	2,035	85	-	2,196	-	<b>4,316</b>	-
Derecognition - Disposals.	-	866	-	-	-	<b>866</b>	-
Derecognition - Other.	-	4,081	-	-	-	<b>4,081</b>	-
Change in Asset Classification.	2,190	31	-	(2,190)	-	<b>31</b>	-
Other Movements in Depreciation and Impairment.	-	(407)	-	-	-	<b>(407)</b>	-
<b>At 31st March 2025</b>	<b>(25,459)</b>	<b>(16,067)</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>(41,530)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2025	669,140	14,221	848	8,852	13,612	<b>706,673</b>	27,430
At 31st March 2024	600,144	13,734	873	8,320	9,214	<b>632,285</b>	22,791

### Infrastructure Assets

2024/25 £000		2025/26 £000
285,298	Net Book Value 1st April	288,483
14,341	Additions	20,166
71	Change in Asset Classification	0
(11,227)	Depreciation	(11,606)
<b>288,483</b>	<b>Total</b>	<b>297,043</b>

## Notes to the Accounts

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.

2024/25 £000		2025/26 £000
288,483	Infrastructure Assets	297,043
706,673	Other Property Plant & Equipment Assets	713,848
<b>995,156</b>	<b>Total Property Plant &amp; Equipment</b>	<b>1,010,891</b>

### Revaluations

The Council carries out a rolling programme that ensures that all property, plant, and equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings is carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment is based on historic cost.

During 2025/26 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to more accurately reflect the current economic climate and the increase in construction costs relating to these asset valuations.

## 12. RIGHT OF USE

IFRS 16 Leases continues to be applied by the Council in 2025/26 in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting. Under IFRS 16, leases previously classified as operating leases are recognised on the balance sheet as a right-of-use asset and a corresponding lease liability.

Under IFRS 16, the Council assess whether a contract is or contains a lease based on the definition of a lease as explained below:

A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Council assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distant or represent substantially all of the capacity of a physically distinct asset. If the supplier had a substantive substitution right, then the asset is not identified.
- The Council has the right to obtain substantially all of the economic benefits and service potential from use of the asset throughout the period of use; and

## Notes to the Accounts

- The Council has the right to direct the use of the asset throughout the period of use. The Council has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Council has the right to direct the use of the asset if either:
  - The Council has the right to operate the asset; or
  - The Council designed the asset in a way that predetermines how and for what purpose it will be used

Leases for items of low value and short-term leases are exempt from recognition in line with the standard. Right-of-use assets are measured initially at the value of the lease liability, adjusted for any lease payments made in advance or incentives received, and are subsequently depreciated over the shorter of the lease term or the asset's useful life. Lease liabilities are measured at amortised cost, with interest charged to the Comprehensive Income and Expenditure Statement.

IFRS 16 was first implemented in 2024/25 using a modified retrospective approach, with the cumulative effect recognised at 1 April 2024. Comparative figures were not restated. From 2025/26, lease transactions are accounted for fully in-year in accordance with this accounting policy.

### Operating Lease

The Council currently leases out property under operating lease agreements ranging from indoor market units to shops, clubs, land, etc.

The lease income received in 2025/26 was £1.307m (2024/25 was £1.128m). The leases are short term by nature and future income streams will be affected by external factors, most noticeably economic conditions and therefore cannot be estimated with certainty.

### Council as Lessee

#### Right of Use Assets

The table below show the changes in the value of right-of-use assets held under leases by the Council:

31st Mar 2025				31st Mar 2026		
Land and Buildings £000	Vehicles, Plant and Equipment £000	Total ROU £000		Land and Buildings £000	Vehicles, Plant and Equipment £000	Total ROU £000
5,746	488	6,234	Balance at 1st April	5,394	200	5,594
104	-	104	Additions	400	5,689	6,089
224	-	224	Revaluations	396	-	396
(734)	(279)	(1,013)	Depreciation and amortisation	(875)	(906)	(1,781)
54	(9)	45	Other	528	(329)	199
<b>5,394</b>	<b>200</b>	<b>5,594</b>	<b>Balance at 31st March</b>	<b>5,843</b>	<b>4,654</b>	<b>10,497</b>

## Notes to the Accounts

### Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the discounted amounts of expected payments):

31st Mar 2025 £000		31st Mar 2026 £000
823	Less than 1 Year.	1,476
1,696	More than 1 Year.	5,806
<b>2,519</b>	<b>Total Discounted Liabilities</b>	<b>7,282</b>

### Transactions under Leases:

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

31st Mar 2025 £000		31st Mar 2026 £000
	<b>Comprehensive Income and Expenditure Statement:</b>	
151	Interest expense on lease liabilities.	368
444	Expense relating to short-term leases.	66
237	Expense relating to exempt leases of low-value items.	144
124	Multiple exempt lease commitments excluded from lease liabilities.	8
	<b>Cash Flow Statement:</b>	
893	Total cashflow for leases.	1,521
151	Cash payments for interest portion of lease liabilities.	368
444	Short term lease payments where exemptions taken.	66
237	Low value lease payments where exemptions taken.	144
(11)	Initial lease liabilities.	-
124	Multiple exempt lease payments excluded from lease liabilities.	8

## 13. FINANCIAL INSTRUMENTS

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at principal plus accrued interest. Accrued interest is included within the current values as it is effectively payable or receivable within one year.

The debtors position differs from that reported in the balance sheet as the debts relating to council taxation do not meet the definition of a financial instrument.

## Notes to the Accounts

### Categories of Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

2025/26 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investment	Debtors	Investment	Debtors
	31st Mar 2026	31st Mar 2026	31st Mar 2026	31st Mar 2026
	£000	£000	£000	£000
Amortised Cost.	86	832	65,783	90,131
<b>Total Financial Assets</b>	<b>86</b>	<b>832</b>	<b>65,783</b>	<b>90,131</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowing	Creditors	Borrowing	Creditors
	31st Mar 2026	31st Mar 2026	31st Mar 2026	31st Mar 2026
	£000	£000	£000	£000
Amortised Cost.	(275,958)	(20,855)	(5,239)	(112,306)
<b>Total Financial Liabilities</b>	<b>(275,958)</b>	<b>(20,855)</b>	<b>(5,239)</b>	<b>(112,306)</b>

2024/25 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2025	31st Mar 2025	31st Mar 2025	31st Mar 2025
	£000	£000	£000	£000
Amortised Cost.	5,086	630	31,585	83,983
<b>Total Financial Assets</b>	<b>5,086</b>	<b>630</b>	<b>31,585</b>	<b>83,983</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2025	31st Mar 2025	31st Mar 2025	31st Mar 2025
	£000	£000	£000	£000
Amortised Cost.	(281,153)	(18,693)	(5,860)	(86,919)
<b>Total Financial Liabilities</b>	<b>(281,153)</b>	<b>(18,693)</b>	<b>(5,860)</b>	<b>(86,919)</b>

### Income, Expenses, Gains and Losses

31st Mar 2025 £000	Surplus or Deficit on the Provision of Services	31st Mar 2026 £000
10,321	Financial Liabilities Measured at Amortised Cost.	10,695
<b>10,321</b>	<b>Total Net Gains/(Losses)</b>	<b>10,695</b>
<b>(3,404)</b>	<b>Interest Expense</b>	<b>(4,320)</b>

## Notes to the Accounts

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value of the loans and receivables and financial liabilities is determined by calculating the net present value (NPV) of future cash flows, which provides an estimate of the value of payments in the future as at 31<sup>st</sup> March 2026, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender and is the rate applicable in the market as at 31<sup>st</sup> March 2026, for an instrument with the same duration. Where it is difficult to obtain the rate for an instrument with identical features in an active market then the prevailing rate of a similar instrument with a published market rate has been used as the discount factor.

The values calculated are as follows:

31st Mar 2025			31st Mar 2026	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(225,390)	(147,933)	Public Works Loan Board (PWLB)	(229,391)	(147,182)
(56,763)	(41,024)	Long Term Non-PWLB Debt.	(46,799)	(31,381)
(2,314)	(2,314)	Non-PWLB Debt Temporary Borrowing.	(2,421)	(2,421)
<b>(284,467)</b>	<b>(191,271)</b>	<b>Total Debt</b>	<b>(278,611)</b>	<b>(180,984)</b>
<b>(18,693)</b>	<b>(18,693)</b>	<b>Long Term Creditors</b>	<b>(20,855)</b>	<b>(20,855)</b>

### 31<sup>st</sup> March 2026 – Debt

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future loss, based on economic conditions at 31<sup>st</sup> March 2026, arising from a commitment to pay interest to lenders at market rates.

## Notes to the Accounts

Fair value of assets:

31st Mar 2025			31st Mar 2026	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
31,500	31,500	Short Term Loans and Receivables.	65,700	65,700
5,000	5,025	Long Term Loans and Receivables.	-	-
630	630	Long Term Debtors.	832	832

### 14. DEBTORS

31st Mar 2025 £000		31st Mar 2026 £000
51,290	Central Government Bodies.	66,020
15,002	Other Local Authorities.	7,443
6,718	NHS Bodies.	5,569
13,521	Other Entities and Individuals.	14,360
7,018	Payments in Advance.	6,819
(6,255)	Less Provision for Impairment Loss.	(5,912)
<b>87,294</b>	<b>Total</b>	<b>94,299</b>

### 15. DEBTORS FOR LOCAL TAXATION

Included within the total debtors figure above are debts relating to the collection of local taxation, as adjusted for those that are unlikely to be collected.

31st Mar 2025 £000		31st Mar 2026 £000
2,155	Less than One Year.	2,807
2,611	More than One Year.	3,108
(1,455)	Less Provision for Impairment Loss.	(1,747)
<b>3,311</b>	<b>Total</b>	<b>4,168</b>

### 16. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

31st Mar 2025 £000		31st Mar 2026 £000
87	Cash Held by the Authority.	59
(41)	Bank Current Accounts.	2,990
<b>46</b>	<b>Total</b>	<b>3,049</b>

## Notes to the Accounts

### 17. ASSETS HELD FOR SALE

31st Mar 2025 Current Assets		31st Mar 2026 Current Assets
£000		£000
4,850	<b>Balance Outstanding at Start of Year</b>	5,175
	<i>Assets Newly Classified as Held For Sale:</i>	
370	Property, Plant and Equipment.	-
(45)	Revaluation Losses.	-
-	Revaluation Gains.	225
	<i>Assets Declassified as Held For Sale:</i>	
-	Property, Plant and Equipment.	(382)
-	Assets Sold.	(1,418)
<b>5,175</b>	<b>Balance Outstanding at Year End</b>	<b>3,600</b>

### 18. CREDITORS

31st Mar 2025 £000		31st Mar 2026 £000
(5,843)	Central Government Bodies.	(6,284)
(7,114)	Other Local Authorities.	(7,669)
(462)	NHS Bodies.	(835)
(62,123)	Other Entities and Individuals.	(67,892)
(11,377)	Receipts in Advance.	(29,626)
<b>(86,919)</b>	<b>Total</b>	<b>(112,306)</b>

### 19. PROVISIONS

The Council holds a number of provisions as detailed below:

#### **Insurance & Municipal Mutual Insurance (MMI) Scheme**

This provision covers the estimated cost of settling all the outstanding insurance claims of the Council that existed at 31<sup>st</sup> March 2026.

#### **Housing Warranties**

This provision has been set aside in recognition of the warranties and commitments relating to potential liabilities following the transfer of housing services in 2010/11. The provision reflects the costs likely to be incurred in future years.

#### **Redundancy**

The provision has been set up to fund redundancy costs for agreements approved during this financial year with a leaving date post April 2026 in line with accounting regulations. A charge has been made to this year's individual revenue accounts, for the cost of those leaving.

## Notes to the Accounts

### Waste

This provision has been set aside following the transfer of the landfill licence from Neath Port Talbot Waste Management Ltd to the Council on 31<sup>st</sup> March 2023. The site is in an aftercare phase and provision reflects the potential aftercare costs likely to be incurred in the future.

	Balance at 31st March 2025 £000	Utilised / Released in year £000	Transfers to Provision £000	Balance at 31st March 2026 £000	Short Term £000	Long Term £000
Insurance & MMI Scheme.	(4,455)	-	-	(4,455)	(1,509)	(2,946)
Housing Warranties.	(923)	-	-	(923)	-	(923)
Redundancy.	(280)	280	(226)	(226)	(226)	-
Waste Provision	(1,565)	-	-	(1,565)	-	(1,565)
<b>Total</b>	<b>(7,223)</b>	<b>280</b>	<b>(226)</b>	<b>(7,169)</b>	<b>(1,735)</b>	<b>(5,434)</b>

### 20. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the movement in reserves statement and summarised below:

31st Mar 2025 £000		31st Mar 2026 £000
(61,331)	Earmarked and General Reserve Working Balance.	(58,648)
(24,876)	Unapplied Grants.	(50,657)
(3,756)	Usable Capital Receipts.	(3,390)
<b>(89,963)</b>	<b>Total</b>	<b>(112,695)</b>

### 21. UNUSABLE RESERVES

31st Mar 2025 £000		31st Mar 2026 £000
(296,357)	Revaluation Reserve.	(292,295)
(352,796)	Capital Adjustment Account.	(371,017)
48,800	Pensions Reserve.	20,020
(2)	Deferred Capital Receipts Reserve.	(1)
6,622	Accumulated Absences Account.	6,679
<b>(593,733)</b>	<b>Total</b>	<b>(636,614)</b>

## Notes to the Accounts

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant, and equipment. 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 1<sup>st</sup> 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		Revaluation Reserve	2025/26	
£000	£000		£000	£000
	(224,390)	<b>Balance at 1st April</b>		(296,357)
	(410)	Historic cost adjustment between Revaluation Reserve and Capital Adjustment Account		(2,853)
(93,557)	(224,800)	Upward Revaluation of Assets.	(40,771)	(299,210)
12,345		Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services.	39,607	
	(81,212)	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services.		(1,164)
8,676		Difference Between Fair Value Depreciation and Historical Cost Depreciation.	8,020	
979		Accumulated Gains on Assets Sold or Scrapped.	59	
	9,655	Amount Written Off to the Capital Adjustment Account.		8,079
	<b>(296,357)</b>	<b>Accumulated Gains on Assets Sold</b>		<b>(292,295)</b>

### Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current 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 amortisations 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.

## Notes to the Accounts

The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2024/25		Capital Adjustment Account	2025/26	
£000	£000		£000	£000
	(341,169)	<b>Balance at 1st April</b>		(352,796)
	410	Historic cost adjustment between Revaluation Reserve and Capital Adjustment Account		2,853
	(340,759)			(349,943)
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement.		
36,081		Charges for Depreciation and Impairment of Non Current Assets.	36,749	
-		Other capital adjustments / adjustments not involving the General Fund	304	
478		Revaluation (Gains) / Losses on Property, Plant and Equipment.	12,413	
25,009		Revenue Expenditure Funded from Capital Under Statute.	28,066	
1,962		Non Current Assets Written Off on Disposal or Sale as Part of the (Gain)/Loss on Disposal to the Comprehensive Income and Expenditure Statement.	1,471	
	63,530			79,003
	(9,655)	Adjusting Amounts Written Out of the Revaluation Reserve.		(8,079)
	(286,884)	Net Written out Amount of the Cost of Non Current Assets Consumed in the Year.		(279,019)
(1,300)		Capital Financing Applied in the Year: Use of the Capital Receipts Reserve to Finance New Capital Expenditure.	(501)	
(46,404)		Application of Grants to Capital Financing from the Capital Grants Unapplied Account.	(74,200)	
(12,836)		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund.	(13,524)	
(5,372)		Capital Expenditure Charged Against the General Fund.	(3,773)	
	(65,912)			(91,998)
	<b>(352,796)</b>			<b>(371,017)</b>

## Notes to the Accounts

### 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 substantial 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 come to be paid.

2024/25 £000	Pension Reserve	2025/26 £000
53,800	<b>Balance at 1st April</b>	48,800
1,830	Actuarial (Gains) or Losses on Pensions Assets and Liabilities.	(14,200)
28,440	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.	22,530
(35,270)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year.	(37,110)
<b>48,800</b>	<b>Balance at 31st March</b>	<b>20,020</b>

### Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, that is, annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

2024/25		Accumulated Absences Account	2025/26	
£000	£000		£000	£000
(3,475)	3,475	<b>Balance at 1st April</b>		6,622
		Settlement or Cancellation of Accrual made at the end of the Preceding Year.	(6,622)	
6,622		Amounts Accrued at the end of the Current Year.	6,679	
	3,147	Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements.		57
	<b>6,622</b>	<b>Balance at 31st March</b>		<b>6,679</b>

## Notes to the Accounts

### 22. CASH FLOW STATEMENT – OPERATING ACTIVITIES

- a. The surplus or deficit on the provision of services has been adjusted for the following non-cash movements.

2024/25 £000		2025/26 £000
36,081	Depreciation and Impairment on Non Current Assets.	36,749
478	Revaluation (Gains) / Losses on Property, Plant and Equipment.	12,413
(210)	(Increase)/Decrease in Long Term Debtors.	(202)
(39,341)	(Increase)/Decrease in Short Term Debtors.	(7,005)
44	(Increase)/Decrease in Inventories.	(8)
25,334	Increase/(Decrease) in Short Term Creditors.	25,387
1,157	Increase/(Decrease) in Long Term Creditors.	2,162
346	Increase/(Decrease) in Short Term Provisions.	(54)
504	Increase/(Decrease) in Long Term Provisions.	-
1,962	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/ Loss on Disposal to The Comprehensive Income And Expenditure Statement.	1,775
(6,830)	Increase/ (Decrease) in Pension Liability.	(14,580)
-	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/ Loss on Disposal to The Comprehensive Income And Expenditure Statement.	-
7,232	Adjustment for Non Enhancing Spend Included in the Property Plant and Equipment Additions.	7,762
68	Other Non-Cash Items Charged to Net Surplus/Deficit on the Provision of Services.	86
<b>26,825</b>		<b>64,485</b>

- b. The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.

2024/25 £000		2025/26 £000
(160)	Proceeds from the Sale of Property, Plant and Equipment.	(134)
(44,894)	Other Receipts from Investing Activities.	(65,986)
<b>(45,054)</b>		<b>(66,120)</b>

### 23. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2024/25 £000		2025/26 £000
(45,395)	Purchase of Property, Plant and Equipment.	(70,390)
(813,400)	Purchase of Short Term and Long Term Investments.	(991,700)
(1,672)	Other Payments for Investing Activities - Right of Use Assets.	(4,763)
160	Proceeds from the Sale of Property, Plant and Equipment.	134
812,800	Proceeds from Short Term and Long Term Investments.	962,500
44,894	Other Receipts from Investing Activities.	65,986
<b>(2,613)</b>	<b>Net Cash Flows From Investing Activities</b>	<b>(38,233)</b>

## Notes to the Accounts

### 24. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2024/25 £000		2025/26 £000
20,156	Cash Receipts of Short and Long Term Borrowing.	5,349
(893)	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases.	(1,521)
(5,609)	Repayments of Short and Long Term Borrowing.	(11,206)
<b>13,654</b>	<b>Other Payments for Financing Activities.</b>	<b>(7,378)</b>

The financing activities relate to non-cash changes. The financing cash flows can be further split between short and long-term borrowing as follows:

	Long Term £000	Short Term £000	Lease Liabilities £000	Total £000
Cash Receipts	5,349	-	-	5,349
Repayments	(11,206)	-	(1,521)	(12,727)
<b>Net Cash Flows from Financing Activities</b>	<b>(5,857)</b>	<b>0</b>	<b>(1,521)</b>	<b>(7,378)</b>

### 25. AGENCY SERVICES

#### South Wales Trunk Road Agency (SWTRA)

The Council performs agency work on trunk roads in South and West Wales on behalf of the Welsh Government who fully reimburse the related expenditure. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement.

#### Cost of Ukrainian Support Schemes Agency Arrangements

The Council administers schemes on behalf of the Welsh Government and Central Government Departments as an Agency service to pay grants to individual recipients totalling £164,000. These sums are not reflected within the Council's Income and Expenditure but any debtors or creditors relating to these sums are included in the Balance Sheet in accordance with the accounting arrangements in relation to Agency arrangements.

Details of the grants treated in this manner are set out below:

2025/26	Expenditure £000	Income £000
Ukraine host payments £350 / £500	132	132
Ukraine cash payments £200	4	4
Ukraine thank you payment top ups £150	28	28
	<b>164</b>	<b>164</b>

## Notes to the Accounts

### 26. POOLED BUDGETS

#### Community Equipment Store – Swansea Bay University Health Board, Neath Port Talbot Council and the City and County of Swansea

Neath Port Talbot Council is party to a pooled arrangement with the Swansea Bay University Health Board and the City and County of Swansea Council. This arrangement is led by the City and County of Swansea.

The agreement for this pool is that the host partner shall retain operational responsibility for any costs, expenses, or liabilities in excess of the pooled fund at any time during its existence, other than where these have been incurred with the express agreement of the partners. Where this agreement has been made, the partners are jointly responsible in the proportions of their respective contributions to the pool.

2024/25			2025/26	
£000	£000		£000	£000
(921)		Funding Provided to the Pooled Budget:		
(622)		Grants.	(701)	
(350)		City and County of Swansea.	(610)	
(1,528)		Neath and Port Talbot Council.	(343)	
		Swansea Bay University Health Board.	(1,547)	
	(3,421)	Total In Year Contributions.		(3,201)
	0	In Year Reserve Utilisation.		(400)
	(3,421)	Total Income		(3,601)
	3,059	Expenditure Met from the Pooled Budget:		3,248
	(362)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year.		(353)
	<b>0</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>0</b>

#### Intermediate Care – Neath Port Talbot Council and Swansea Bay University Health Board

Neath Port Talbot Council is host to a pooled arrangement with Swansea Bay University Health Board, which covers arrangements to plan and arrange provision of adult and older people's services.

The arrangement for this pool is that the partners shall be jointly responsible, in accordance with the funding agreement for any costs, claims, expenses or liabilities incurred in accordance with the terms of the pool agreement. Any underspend is either put into a ring-fenced reserve or distributed to partners as agreed by the partnership board. During 2025/26, the surplus was paid out in full.

## Notes to the Accounts

2024/25			2025/26	
£000	£000		£000	£000
(3,267)		Funding Provided to the Pooled Budget:		
(4,569)		Neath and Port Talbot Council.	(3,445)	
		Swansea Bay University Health Board	(4,365)	
	(7,836)	Total Income		(7,810)
	6,761	Expenditure Met from the Pooled Budget:		7,132
	(1,075)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year.		(678)
	<b>(258)</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>(228)</b>

### 27. MEMBERS REMUNERATION

The Council paid the following amounts to members of the Council during the year, including on-costs for national insurance and pensions.

2024/25		2025/26
£000		£000
1,801	Basic and Senior Salaries.	1,965
2	Expenses.	1
<b>1,803</b>	<b>Total</b>	<b>1,966</b>

### 28. OFFICERS REMUNERATION

The Council is required to provide details on a range of remuneration issues, such as the median remuneration for all employees compared to the Chief Executive, the amounts earned by senior officers, salary costs greater than £60,000 and the cost and number of any exit packages. As the effect of including voluntary aided schools is not material, the information prepared for the remuneration notes includes the staff employed at the voluntary aided faith schools in the area, which are:

- Alderman Davies Church in Wales Primary
- Bryncoch Church in Wales Primary
- St Therese's Catholic Primary
- St Joseph's Catholic Primary, Infants and Junior schools
- St Joseph's Comprehensive.

The Accounts and Audit Regulations (Wales) 2014 introduced the requirement for the statement of accounts to disclose the organisations pay multiple. This is the ratio of the highest paid employee, the Chief Executive and the median earnings across the organisation. In 2025/26 this ratio is 4.95 (4:84 in 2024/25) times the median remuneration of the organisation which is £31,022 (£30,060 in 2024/25).

The Employers pension contribution of 22.4% (22.4% in 2024/25) excludes any deficit contribution to the Fund and represents the normal contribution required for the year. No contribution cost is included when an officer has left the employers pension scheme.

## Notes to the Accounts

The remuneration paid to the Council's Senior Employees is as follows:

Officers whose salary is £150,000 or more are identified by name.

	2025/26			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive.</b> Frances O'Brien.	153,228	37	34,323	187,588
<b>Director of Education, Leisure &amp; Lifelong Learning.</b> Andrew Thomas.	133,731	-	17,474	151,205
<b>Director of Environment &amp; Regeneration.</b> Nicola Pearce.	133,731	102	29,956	163,789
<b>Director of Social Services, Health &amp; Housing.</b> Andrew Jarrett.	133,731	-	29,956	163,687
<b>Director of Strategy &amp; Corporate Services.</b> Noelwyn Daniel	127,748	-	28,616	156,364
<b>Director of Finance.</b> Dafydd Huw Jones	122,886	-	27,526	150,412

	2024/25			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive.</b> Frances O'Brien.	53,701	-	12,029	65,730
Karen Jones.	100,692	-	22,555	123,247
<b>Director of Education, Leisure &amp; Lifelong Learning.</b> Andrew Thomas.	126,686	-	28,378	155,064
<b>Director of Environment &amp; Regeneration.</b> Nicola Pearce.	129,585	227	29,027	158,839
<b>Director of Social Services, Health &amp; Housing.</b> Andrew Jarrett.	129,585	-	29,027	158,612
<b>Director of Strategy &amp; Corporate Services.</b>	120,891	-	27,080	147,971
<b>Director of Finance.</b>	105,390	-	23,607	128,997

The Chief Executive post was filled by appointment on 18<sup>th</sup> November 2024 after the retirement of the former Chief Executive. There are two lines showing for the Chief Executive in 2024/25 to show the pay of the \* newly appointed Chief Executive followed by the figures of the \*\* retiring Chief Executive.

## Notes to the Accounts

The figures do not include any remuneration for the Chief Executives in their role as returning officer. The amount paid to the current Chief Executive in 2025/26 was £190 plus pension contribution of £43 (2024/25 remuneration of £83 and expenses of £10). The amount paid to the former Chief Executive in 2024/25 was £10,166 plus pension contribution of £783 and £115 for expenses. Amounts paid are based on rates defined by the respective election bodies.

Director of Education, Leisure & Lifelong Learning opted out of the pension scheme from November 2025.

The number of other staff employed by the Council, including teachers, receiving more than £60,000 remuneration for the year, excluding employer's pension contributions, is listed below, in bands of £5,000.

The number has increased due to the Teachers pay award in September 2025 of 4% resulted in more Teachers' salaries to rise above the £60k threshold. Non-Teaching staff have increased due to additional Officers being in receipt of overtime and other allowances which has increased their pay to over the £60k threshold.

Number of Employees 2024/25			Number of Employees 2025/26	
Non-Teachers	Teachers		Non-Teachers	Teachers
24	50	£60,000 - £64,999	25	57
22	41	£65,000 - £69,999	17	32
8	19	£70,000 - £74,999	13	39
5	27	£75,000 - £79,999	5	23
1	10	£80,000 - £84,999	8	18
2	13	£85,000 - £89,999	3	8
14	5	£90,000 - £94,999	1	9
-	1	£95,000 - £99,999	10	5
-	-	£100,000 - £104,999	-	-
-	2	£105,000 - £109,999	1	1
-	1	£110,000 - £114,999	-	1
-	2	£115,000 - £119,999	-	1
-	1	£120,000 - £124,999	-	2
-	-	£125,000 - £129,999	-	2
-	1	£135,000 - £139,999	-	-
<b>76</b>	<b>173</b>		<b>83</b>	<b>198</b>

As a result of a voluntary redundancy scheme in 2025/26, five employees received remuneration above £60,000. These individuals were paid the following amount:

Number of Employees 2024/25		Number of Employees 2025/26
1	£60,000 - £64,999	1
2	£65,000 - £69,999	1
1	£70,000 - £74,999	-
-	£75,000 - £79,999	1
1	£85,000 - £89,999	1
-	£105,000 - £109,999	1
<b>5</b>		<b>5</b>

## Notes to the Accounts

The Council continues to minimise compulsory redundancy as far as is possible by using alternatives such as voluntary redundancy and redeployment to alternative employment. Those who left under either voluntary or compulsory redundancy received redundancy payments in line with the Council's scheme and where eligible, accessed their pensions.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2024/25	2025/26	Restated 2024/25	2025/26	Restated 2024/25	2025/26	2024/25 £000	2025/26 £000
£0 - £20,000	11	9	36	32	47	41	372	374
£20,001 - £40,000	1	2	17	16	18	18	500	493
£40,001 - £60,000	-	-	3	5	3	5	136	240
£60,001 - £80,000	-	-	5	1	5	1	363	62
£80,001 - £100,000	-	-	2	1	2	1	169	95
£100,001 - £150,000	-	1	-	-	-	1	-	126
<b>Total</b>	<b>12</b>	<b>12</b>	<b>63</b>	<b>55</b>	<b>75</b>	<b>67</b>	<b>1,540</b>	<b>1,390</b>

### 29. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

2024/25 £000		2025/26 £000
215	Fees Payable to Audit Wales for External Audit Services Carried Out by the Appointed Auditor for the Year.	226
117	Fees Payable to Audit Wales in respect of Performance Audit work.	123
57	Fees Payable to Audit Wales for the Certification of Grant Claims and Returns for the Year.	60
<b>389</b>	<b>Total</b>	<b>409</b>

## Notes to the Accounts

### 30. GRANT INCOME

The Council credited the following grants and contributions to the comprehensive income and expenditure statement:

2024/25 £000	Grant Income	2025/26 £000
	<b>Credited to Services</b>	
2,388	Post 16.	2,687
549	Youth.	560
9,376	Children & Communities.	11,344
18,464	Local Authority Education Grant.	17,545
2,805	Teachers Pension Contribution.	-
7,111	Pupil Deprivation Grant.	7,147
2,433	Other Schools Grants.	867
1,007	Communities for Work.	1,043
3,383	Other Education Grants.	6,388
1,973	TATA Transition Fund.	16,336
1,482	Concessionary Bus Fares.	1,826
-	Producer Responsibility Obligations.	3,574
3,172	Other Highways Grants.	6,272
1,260	Social Care Workforce Development.	1,242
4,962	Substance Misuse.	4,963
1,382	Homes for Ukraine.	427
2,336	Sustainable Social Services.	2,331
3,004	Other Social Services Grants.	5,700
547	Housing Benefit Administration.	535
40,389	Mandatory Rent Allowances.	28,700
2,977	General Capital Grant for Housing Expenditure.	1,513
281	Housing Energy Efficiency Grant.	399
24,753	Shared Prosperity Fund.	12,192
2,147	City Deal.	1,463
7,146	Housing Support Grant.	7,961
4,565	Additional National Insurance Contribution.	4,524
943	Other Services Grants.	3,563
<b>150,835</b>		<b>151,102</b>

## Notes to the Accounts

2024/25 £000	Grant Income	2025/26 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
233,957	Revenue Support Grant.	254,894
1,723	Shared Prosperity Fund.	1,405
610	Regeneration and Town Centre Redevelopments.	1,385
547	Sustainable Communities for Learning.	-
956	Local Transport Fund.	819
634	Safe Routes / Accident Reduction Measures.	1,185
5,726	Coal Tip Safety.	4,800
1,928	Community Focused Schools.	1,449
653	Active Travel.	1,676
293	City Deal.	-
869	Additional General Capital Grant.	2,461
916	Childcare Offer Capital Grant.	1,451
3,851	Additional Schools Funding / Free School Meals.	2,750
441	HWB - Education Technology Grant.	524
753	Drainage.	901
4,500	TATA Transition Fund.	34,048
14,377	Levelling Up Fund.	16,945
-	Resilient Roads.	1,607
-	General Capital Grant.	2,838
-	Pride in Place Impact Fund.	750
-	Social Services & Housing.	2,308
4,095	Other Capital Grants.	1,490
<b>276,829</b>	<b>Total Grants Credited to Taxation and Non Specific</b>	<b>335,686</b>
<b>427,664</b>	<b>Total Grants Credited to Services</b>	<b>486,788</b>

### 31. 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 with the Council.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26, including on-costs, is shown in note 27.

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 interest or advantage. The register is open to inspection by the public and is available on an individual member basis on the Council Website.

## Notes to the Accounts

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Members of the Council 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. These payments are made with proper consideration of declarations of interest and relevant members do not take part in any discussion or decision relating to the grants.

### Officers

The Chief Legal Officer is an unpaid shareholder representative on behalf of the Council with Neath Port Talbot Waste Management Ltd; the company is in the process of being liquidated.

The Chief Legal Officer is the Monitoring Officer for South West Wales Corporate Joint Committee (CJC); the Council is reimbursed by the CJC for costs.

The Director of Strategy and Corporate Services is a non-remunerated Director of Celtic Freeport Company Ltd

Under the Employees' Code of Conduct, officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality received. Several Senior Officers benefited from gifts and hospitality during 2025/26 none of which were material or deemed to be a conflict of interest.

### Central Government

Central government has significant influence over the general operations of the Council – it 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, such as council tax bills and housing benefits. Grants and contributions received from government departments are set out in the notes 5 and 30.

### Entities Significantly Influenced by the Council

#### Celtic Leisure

The Council has a five-year contract with Celtic Leisure (a company limited by guarantee) to manage its indoor leisure activities and the Gwyn Hall until 31<sup>st</sup> March 2030.

The Council pays Celtic Leisure an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2025/26 was £3.154m (£3.662m in 2024/25). There was £102,000 (£55,000 in 2024/25) balance owed by Celtic Leisure to the Council on 31<sup>st</sup> March 2026.

### **Swansea Bay City Deal**

The Swansea Bay City Deal is a £1.3bn investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire, and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector, and the private sector.

City Deal projects are based on key themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. The two projects for Neath Port Talbot Council are Supporting Innovation and Low Carbon Growth and Homes as Power Stations.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David. The UK and Welsh Governments are funding bodies supporting the City Deal Grant.

The Chief Legal Officer is the monitoring officer and cost of £28,000 for Democratic Services in respect of the Joint Scrutiny Committee were recharged for 2025/26.

### **South West Wales Corporate Joint Committee**

Formally constituted in January 2022, the Corporate Joint Committee for South West Wales covers the local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire, and Swansea. The Committee will improve the regional planning, co-ordination and delivery of transport, land use planning, economic development, and energy.

The Corporate Joint Committee has been created by the Local Government and Elections (Wales) Act 2021 and is made up of representatives from the four Councils as well as Bannau Bryncheniog and the Pembrokeshire Coast National Park Authority.

Neath Port Talbot Council commits a sum by way of a levy, £114,094 for 2025/26 (£114,094 for 2024/25), and are reimbursed for officer time associated with the governance arrangements of the Corporate Joint Committee. Service Level Agreements are in place between the Corporate Joint Committee and the respective public bodies for service delivery.

### **Celtic Freeport**

The Council is the accountable body for the use of public funding by the Celtic Freeport Company Limited. The Celtic Freeport Company Limited is a private-public sector partnership led by Associated British Ports (ABP), Neath Port Talbot Council, Pembrokeshire County Council and the Port of Milford Haven. The Freeport also includes renewables developers, energy companies, industrial complexes, innovation assets, academic institutions and education providers.

It will provide the backbone for a cleaner future based on floating offshore wind, the hydrogen economy, sustainable fuels, carbon capture and storage, cleaner steel and low-carbon logistics.

## Notes to the Accounts

### 32. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2024/25 £000		2025/26 £000
	<b>Capital Investment</b>	
45,395	Property, Plant and Equipment.	70,390
17,777	Revenue Expenditure Funded from Capital Under Statute.	20,304
<b>63,172</b>		<b>90,694</b>
	<b>Sources of Finance</b>	
(1,300)	Capital Receipts.	(501)
(46,404)	Government Grants and Other Contributions.	(74,200)
	Sums Set Aside from Revenue:	
(5,372)	Direct Revenue Contributions and Reserves.	(3,773)
(10,094)	Loans.	(12,220)
<b>(63,170)</b>		<b>(90,694)</b>

As at 31<sup>st</sup> March 2026, the Council has entered into a number of contracts for the construction of Property, Plant and Equipment. The budgeted cost of these commitments for 2025/26 and future years are shown in the table below.

The major commitments are:

Major Capital Commitments	2026/27 £000	Future £000	Total £000
YGG Rhosafan.	18,786	6,948	25,734
Former Crown Buildings Development - Phase 3.	2,682	-	2,682
Employment & Business Start Up (Sandfields Young Business Centre).	927	261	1,188
South Wales Industrial Transition from Carbon Hub.	16,910	5,051	21,961
Levelling up: Pontneddfechan.	1,281	-	1,281
Levelling up: Port Talbot Centre Regeneration.	6,081	-	6,081
	<b>46,667</b>	<b>12,260</b>	<b>58,927</b>

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.

2024/25 £000		2025/26 £000
<b>(357,491)</b>	<b>Opening Capital Financing Requirement</b>	<b>(358,057)</b>
(4,415)	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance).	(4,370)
(5,679)	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance).	(7,850)
(3,308)	Assets Acquired Under Right of Use (IFRS16).	(6,282)
12,836	Minimum Revenue Provision and Prudential Borrowing.	13,524
<b>(358,057)</b>	<b>Closing Capital Financing Requirement</b>	<b>(363,035)</b>

## Notes to the Accounts

### 33. SERVICE CONCESSION

On 1<sup>st</sup> April 2012, the Council entered into a service concession arrangement with Tai Gwalia CYF to take over and operate the Council's long-term care and short-term respite care homes. As part of this arrangement, the Council transferred its existing care homes to Tai Gwalia CYF who have constructed two new residential care homes, Plas Bryn Rhosyn in Neath, and Llys Y Seren in Port Talbot, on land owned by the Council. This arrangement is in place until 2037.

The agreement included the construction of two residential care homes with a commitment that the Council will purchase a guaranteed number of beds for the duration of the contract. The contract includes a series of events which could trigger termination of the contract. At the end of the contract the assets transfer into the ownership of the Council for no additional charge. The Council carries the non-current assets used under the contract on the balance sheet as service concession assets.

The following table shows the payments to be made under the service concession:

	Payment for Services £000	Reimburse Capital Expenditure £000	Interest £000	Total £000
Payable:				
Within 1 year.	4,300	129	123	4,552
Within 2 to 5 years.	12,818	604	405	13,827
Within 6 to 10 years.	16,022	994	268	17,284
Over 10 years.	3,204	238	15	3,457
<b>Total</b>	<b>36,344</b>	<b>1,965</b>	<b>811</b>	<b>39,120</b>

The future service liability for reimbursing capital expenditure is:

2024/25 £000		2025/26 £000
2,202	Balance Outstanding at 1st April.	2,087
(115)	Payments During the Year.	(122)
<b>2,087</b>	<b>Balance outstanding at 31st March</b>	<b>1,965</b>

### 34. PENSION SCHEMES ACCOUNTED FOR AS 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 a multi-employer defined benefit scheme. 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. Valuations of the notional fund are undertaken every four years.

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 £17.3m (£16.8m in 2024/25) to Teachers' Pensions in respect of teachers' retirement benefits, based on a 28.68% from April 2025 (28.68% 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 discretionary basis within the defined benefit detailed in note 35.

The Council is not liable to the scheme for any other entities' obligations under the plan.

### **35. DEFINED BENEFIT PENSION SCHEMES**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered locally by the City and County of Swansea. This is a funded defined benefit plan with benefits earned up to 31<sup>st</sup> March 2014 being linked to final salary. Benefits after 31<sup>st</sup> March 2014 are based on a Career Average Revalued Earnings scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.
- arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) and the governance of the scheme is the responsibility of the pensions committee of the City and County of Swansea Council. Policy is determined in accordance with the pension fund regulations. The investment managers of the fund are appointed by the committee and the committee consist of the Director of Finance, Council members and independent investment advisers.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute as described in the accounting policies note.

## Notes to the Accounts

### Discretionary Post-Retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Transactions Relating to Post-Employment Benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made 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 General Fund via the Movement in Reserves Statement.

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefits plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangement		Local Government Pension Scheme	Discretionary Benefits Arrangement
2024/25 £m	2024/25 £m		2025/26 £m	2025/26 £m
(832.65)	(20.99)	Present Value of the Defined Benefit Obligation. Fair Value of Plan Assets. Unrecognised Asset. Additional liability due to minimum funding requirement.	(869.66)	(20.02)
1,084.12			1,237.36	
(251.47)			(367.70)	
(27.81)			-	
<b>(27.81)</b>	<b>(20.99)</b>	<b>Additional liability due to minimum funding requirement.</b>	<b>0.00</b>	<b>(20.02)</b>

### Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets.

2024/25 £m		2025/26 £m
<b>1,069.54</b>	<b>Opening Fair Value of Scheme Assets</b>	<b>1,084.12</b>
51.37	Interest Income on assets.	62.92
(37.24)	Remeasurement Gains/(Losses): The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense.	89.89
32.85	Contributions by the Employer.	34.76
9.25	Contributions from Employees into the Scheme.	9.81
(41.65)	Benefits Paid.	(44.14)
<b>1,084.12</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>1,237.36</b>

## Notes to the Accounts

The following transactions have been made in the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement during the year:

Local Government Pension Scheme	Discretionary Benefits Arrangements		Local Government Pension Scheme	Discretionary Benefits Arrangements
2024/25			2025/26	
£m	£m		£m	£m
		<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
		<b>Cost of Services:</b>		
26.55	-	Current Service Cost.	19.08	-
0.14	-	Past Service Costs.	1.68	-
		<b>Financing and Investment Income and Expenditure</b>		
0.66	1.09	Net Interest Expense.	0.62	1.15
<b>27.35</b>	<b>1.09</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services.</b>	<b>21.38</b>	<b>1.15</b>
		<b>Other Post-Employed Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
		<b>Remeasurement of the Net Defined Benefit Liability Comprising:</b>		
37.24	-	Return on Plan Assets (excluding the amount included in the net interest expense).	(89.89)	-
(167.62)	(0.14)	Actuarial Gains and Losses Arising on:	(11.74)	(0.12)
(6.91)	(1.43)	Changes in Financial Assumptions.	3.09	0.25
1.61	0.04	Changes in Demographic Assumptions.	11.89	0.10
142.62	-	Liability Experience.	101.64	-
(3.58)	-	Restriction of Surplus.	(29.42)	-
		Minimum Funding Requirement.		
<b>3.36</b>	<b>(1.53)</b>	<b>Total Amount Recognised in Other Comprehensive Income.</b>	<b>(14.43)</b>	<b>0.23</b>
<b>30.71</b>	<b>(0.44)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.</b>	<b>6.95</b>	<b>1.38</b>
		<b>Movement in Reserves Statement</b>		
(30.71)	0.44	Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code.	(6.95)	(1.38)
		<b>Actual Amount Charged Against the General Fund Balance for Pensions in the</b>		
32.85	-	Employers' Contributions Payable to Scheme.	34.76	-
-	2.42	Retirement Benefit Payable to Pensioners.	-	2.35

## Notes to the Accounts

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation).

Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits		Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits
2024/25 £m	2024/25 £m		2025/26 £m	2025/26 £m
(965.68)	(23.85)	<b>Opening Balance at 1st April</b>	(832.65)	(20.99)
(26.55)	-	Current Service Cost.	(19.08)	-
(45.60)	(1.09)	Interest cost.	(47.34)	(1.15)
(9.25)	-	Contributions from Scheme Participants.	(9.81)	-
		Remeasurement Gains and (Losses):		
6.91	0.14	Actuarial Gains/Losses Arising from Changes in Demographic Assumptions.	(3.09)	(0.25)
167.62	1.43	Actuarial Gains/Losses Arising from Changes in Financial Assumptions.	11.74	0.12
(1.61)	(0.04)	Actuarial Gains and Losses Due to Liability Experience.	(11.89)	(0.10)
(0.14)	-	Past Service Cost.	(1.68)	-
41.65	2.42	Benefits Paid.	44.14	2.35
<b>(832.65)</b>	<b>(20.99)</b>	<b>Closing Balance at 31st March</b>	<b>(869.66)</b>	<b>(20.02)</b>

## Notes to the Accounts

### Local Government Pension Scheme Assets for Neath Port Talbot

Estimated 2024/25	Final 2024/25	Fair value of Scheme Assets	Estimated 2025/26
£'000	£'000		£'000
7,290	12,138	Cash and Cash Equivalents	19,486
625,485	624,864	Pooled Equity Investment Vehicles: Global	656,354
30,066	30,036	Property	33,623
45,805	45,759	Fixed Interest:	
		Fixed Interest	150,659
7,571	7,564	Index-Linked	8,183
<b>53,376</b>	<b>53,323</b>		<b>158,842</b>
22,388	22,365	Hedge Funds	5,766
92,179	92,664	Private Equity	113,686
60,195	60,142	Infrastructure	69,206
21,355	21,507	Private Debt	19,297
14,746	14,735	Residential Housing	16,248
25,676	25,584	Timberland & Farmland	39,007
4,859	-	Derivatives	-
36,714	36,678	Trade Finance	39,696
89,253	89,165	Global Bond Funds	65,663
12	12	Cash - Dividends Due	-
526	907	Net Current Assets	486
<b>1,084,120</b>	<b>1,084,120</b>	<b>Total Assets</b>	<b>1,237,360</b>

The three segregated equity funds with JP Morgan, Aberdeen and Schroders UK were transitioned in January 2019 to the Wales Pension Partnership Global Opportunities Fund, a Pooled Equity Investment Vehicle.

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by AON Hewitt Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2025.

## Notes to the Accounts

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefit Arrangements		Local Government Pension Scheme	Discretionary Benefit Arrangements
2024/25			2025/26	
		<b>Mortality Assumptions:</b>		
		Longevity at 65 for Current Pensioners:		
21.6	21.6	Men.	21.7	21.7
24.2	24.2	Women.	24.6	24.6
		Longevity at 65 for Future Pensioners:		
21.9	-	Men.	22.0	-
25.0	-	Women.	25.0	-
		<b>Rate of Inflation:</b>		
2.5%	2.5%	Consumer Price Index (CPI).	2.8%	2.8%
4.0%	-	Rate of Increase in Salaries.	4.3%	-
2.5%	2.5%	Rate of Increase in Pensions.	2.8%	2.8%
5.8%	5.8%	Rate for Discounting Scheme	6.2%	6.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit of credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous period.

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption	Decrease in assumption
	£m	£m
Longevity (increase or decrease by 1%)	856.62	882.70
Rate of increase in salaries (increase or decrease by 1%)	870.53	868.79
Rate of increase in pensions (increase or decrease by 1%)	881.84	858.35
Rate of discounting scheme liabilities (increase or decrease by 1%)	889.66	849.66

### **Asset Liability Matching Strategy (ALM)**

The pension committee of the City and County of Swansea has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments.

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The City and County of Swansea has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 25 years. Funding levels are monitored on an annual basis.

The last triennial valuation was as at 31st March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £24.63m contributions to the scheme in 2026/27.

Expected payments to beneficiaries of the discretionary benefits schemes in the year to 31<sup>st</sup> March 2027 are £0.92m for the LGPS Scheme and £1.52m for Teachers.

The weighted average duration of the defined benefit obligation for the scheme members is 14.9 years, 2025/26 (15 years 2024/2025).

### **Surplus Recognition and Additional Liability**

The defined benefit Pension Scheme has a net pension asset at the accounting date. The Actuary has calculated the maximum economic benefit that can be recognised in the accounts (referred to as the asset ceiling) calculated in accordance with IFRIC 14. As the asset ceiling is below the net pension asset, the net pension asset has been restricted to the asset ceiling.

IFRIC 14 requires recognition of an additional liability with the current year's accounts if there is an obligation to pay deficit contributions in the future under a minimum funding requirement. An additional liability has not been recognised as the Council is no longer required to pay contributions above the primary contribution rate.

### **Goodwin**

In June 2020 an Employment Tribunal ruled that survivor provisions were discriminatory on grounds of sexual orientation. Included with the Past Service Costs over the accounting period is £1.5m relating to the additional expected liabilities due to the equalisation of survivor benefits.

### Virgin Media Case

In June 2023, the high Court handed down a decision which potentially has implications for the validity of amendments made by pension schemes, 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 following certain types of rule amendments. Without this confirmation the amendment may be void and ineffective. The decision was subsequently upheld by the Court of Appeal.

Government legislation will allow retrospective validation of certain changes through the 2024 Pension Schemes Bill which was accepted by the House of Lords on 28 April 2026. This will be a significant step forward in addressing issues potentially arising from the Virgin Media decision where actuarial confirmation at the time of change cannot not be found.

Given the uncertainty, no adjustment has been made to the pension liability for the possible impact of the ruling as it is currently unclear whether any additional liability might arise and if they were to arise, how they would be reliably measured.

### 36. DISCLOSURE OF NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

#### Key Risks

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

- 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
- Market risk      The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

#### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. Risk management is carried out by a central treasury team, under policies approved by Council in the treasury management strategy, annual investment strategy, capital strategy and minimum revenue policy report. The full report can be accessed on the Council's web site.

## Notes to the Accounts

### 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 annual investment strategy, which is available on the Council website.

The key areas of the investment strategy in relation to minimum criteria for investment counterparties and investment limits are included within the Council Annual Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments in individual banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A minimal risk of irrecoverability applies to all the Council's deposits and by adopting stringent investment criteria this risk continues to be minimised.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not allow credit for its trade debtors. The following analysis shows the age profile of the due amounts:

<b>31st Mar 2025 £000</b>		<b>31st Mar 2026 £000</b>
4,183	Current - Up to One Month.	7,619
2,136	One to Three Months.	1,643
913	Three to Six months.	1,545
840	Six Months to One Year.	482
2,864	More than One Year.	3,067
<b>10,936</b>	<b>Total</b>	<b>14,356</b>

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the Public Works Loan Board. There is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments.

### 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.

## Notes to the Accounts

The approved treasury indicator limits for the maturity structure of debt and the limits placed 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 central treasury team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities (excluding interest) is as follows:

<b>31st Mar 2025 £000</b>		<b>31st Mar 2026 £000</b>
(3,509)	Less than 1 Year.	(2,879)
(427)	Between 1 and 2 Years.	(5,226)
(15,583)	Between 2 and 5 Years.	(15,682)
(34,240)	Between 5 and 10 Years.	(34,115)
(230,708)	More than 10 Years.	(220,709)
<b>(284,467)</b>	<b>Total</b>	<b>(278,611)</b>

### 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 on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise;
- Borrowings at fixed rates – the fair value of the liabilities borrowing will fall
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise;
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance.

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. This strategy is used to set a treasury indicator which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the market and interest rate forecasts during the year and adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

## Notes to the Accounts

If there were a fluctuation of 1% in the interest rates (with all other variables held constant) the financial effect at 31<sup>st</sup> March would be:

	<b>31st Mar 2026 £000</b>
Increase/Decrease in Interest Received and Credited to the Comprehensive Income and Expenditure Statement.	100
Increase/Decrease in External Interest Payable and Debited to the Comprehensive Income and Expenditure Statement.	2,749

### Price Risk

The Council does not invest in equity shares or marketable bonds.

## 37. LOCAL TAXATION

### Council Tax

Council tax is the current form of local taxation for domestic properties. All domestic properties are placed into one of nine valuation bands according to their open market value at 1<sup>st</sup> April 2003. The average amount of council tax for a property in band D in 2025/26 was £2,441. This was calculated by dividing the amount of council tax required by Neath Port Talbot Council, each community council, and the South Wales Police Authority by the council tax base of 49,703 (which is the number of properties we collect council tax from, adjusted by discounts etc., and converted to the equivalent number of band d properties). The amounts for properties in other bands are calculated by multiplying the band D figure by the relevant multiplier in the table below:

Band	A	B	C	D	E	F	G	H	I	Total
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
Number of Chargeable Dwellings	13,444	26,393	11,391	7,191	4,347	1,337	528	92	14	64,737

## Notes to the Accounts

### Significant Precepts or Demands

An element of the council tax bill relates to funding which is paid over to other organisations. The main demands and precepts were:

<b>Town or Community Councils</b>	<b>2025/26 £000</b>
Blaengwrach	80
Blaenhonddan	303
Briton Ferry	238
Cilybebyll	130
Clyne and Melincourt	32
Coedffranc	559
Crynant	71
Cwmllynfell	48
Dyffryn Clydach	69
Glynneath	221
Gwaencaegurwen	122
Neath	443
Onllwyn	32
Pelenna	44
Pontardawe	246
Resolven	71
Seven Sisters	65
Tonna	50
Ystalyfera	125
	<b>2,949</b>
<b>Other Levies and Demands</b>	
Police and Crime Commission for South Wales	18,821
Mid and West Wales Fire and Rescue Authority	11,416
	<b>30,237</b>

### Business Rates

Non-domestic rates are calculated by multiplying a property's rateable value by the rating multiplier (or rate in the pound). Rateable values are determined by the Valuation Office Agency and the multiplier is set by the Welsh Government. The multiplier for 2025/26 was 56.8p (2024/25 56.2p). The Council is responsible for collecting rates due from businesses in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

In 2025/26, the total non-domestic rateable value at the year-end was £95.706m (2024/25 £105.335m).

## 38. ANNUAL GOVERNANCE STATEMENT

The Council is required by statute to provide an Annual Governance Statement that covers all significant corporate systems, processing, and controls, spanning the whole range of its activities. It is signed by the Council's Leader and Chief Executive and approved by Cabinet.

**The report of the Auditor General for Wales to the Members of  
Neath Port Talbot County Borough Council**

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## Glossary of Terms

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This glossary of terms has been prepared on the basis that a basic knowledge of accountancy terms is held. It provides a description of specialist terms relating to local government finance.

Accumulated Absences	The Code of Practice requires an adjustment for accumulated absences which gives a monetary value to the cost of holidays accrued by staff but not taken at the end of the financial year. The net effect of this adjustment is reversed from the accounts.
Actuary	An actuary is someone who works out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
Amortised Cost	Amortised costs are used to spread the financial impact of depreciation or using an equivalent interest rate or the effect of a premium or discount over a number of years on the income and expenditure account.
Audit	An audit is an independent examination of the Council's activities.
Balance Sheet	This is a statement of our assets, liabilities, and other balances at the balance sheet date i.e. 31 <sup>st</sup> March.
Budget	A budget is a spending plan, based upon which the Council tax is set. Actual expenditure and income is subsequently monitored against this plan.
Capital Expenditure	Capital expenditure is spending on fixed 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 fixed assets such as land and buildings.
Cash Flow Statement	This statement summarises the movements in cash during the year.
CIPFA/LASAAC	The Chartered Institute of Public Finance and Accountancy and Local Authority Scotland Accounts Advisory Committee (CIPFA/LASAAC) is the body that sets the Code of Practice on Local Authority Accounting in the United Kingdom.
Comprehensive Income and Expenditure Statement (CIES)	This account records day to day spending and income on items such as salaries and wages, the running costs of services and the financing of capital expenditure.
Componentisation	Accounting standards require that assets are split into separate components where there are significant differences in the life of elements of the assets which would have a significant effect on the depreciation costs.

## Glossary of Terms

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Contingent Asset	This is a possible asset that arises from past events but whose existence will only be confirmed after an uncertain future.
Contingent Liability	This is a possible obligation that may arise from past events and whose existence will be confirmed by the occurrence of uncertain future events.
Creditor	A creditor is someone we owed money to at the date of the balance sheet for goods or services received.
Current Asset	These are short-term assets which are available for us to use in the following accounting year.
Current Liability	These are short-term liabilities which are due for payment by us in the following accounting year.
Debtor	A debtor is someone who owed money to us at the date of the balance sheet.
Depreciation	Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.
Expenditure and Funding Analysis	This analysis is designed to provide a more direct link between the Council's budgeted spend and the figures reported under generally accepted accounting practices. It provides a link between management information and the figures included in the Comprehensive Income and Expenditure Statement.
Fair Value	This is the estimated value of an asset or liability at the balance sheet date. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	Leasing is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years. Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.
Financial Year	This is the accounting period. For local Authorities it starts on 1 April and finishes on 31 March of the following year.
Financial Instruments	This relates to any contract which gives rise to a financial asset in one organisation and a financial liability or equity instrument of another. A collective name for investments, trade debtors and borrowings.
General Fund Balance	This represents the cumulative retained surpluses on the Council's revenue budget. It includes reserves the Council has earmarked to fund its plans as well as a cushion against unexpected events or emergencies. The level of the balance is considered as part of the annual budget process each year.
IFRIC	International Financing Reporting Interpretations Committee.

## Glossary of Terms

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Impairment	This happens when fixed asset or investment values change significantly due to changes in circumstances. It can occur if there is a significant change in a fixed asset's market value or significant physical damage such as fire. The cost of impairment is charged to the revenue account in the year it occurs.
Liability	A liability is an amount payable at some time in the future.
Minimum Revenue Provision (MRP)	This is an amount we have set aside to repay loans.
Movement in Reserves Statement	This statement shows the movement in the year on the different reserves held by the Council, analysed between the usable reserves which can be applied to fund expenditure or reduce local taxation and the unusable reserves which cannot be utilised in this way.
National Non-Domestic Rates (NDR)	Also known as the Business Rate, it is the charge occupiers of business premises pay which is collected by this Council and paid to the Welsh Government for reallocation. The charge is based on the rateable value of the business premises.
Net Realisable Value	The selling price of an asset, reduced by the relevant cost of selling it.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits (pensions) and for funding benefits in accordance with statutory provisions.
Pooled Budgets	These are budgets which are joined up across differing organisations with similar objectives and used to ensure improvements through coordinating expenditure.
Precepts	Precepts are levied on the Council by non-billing organisations such as the police and community councils to enable them to cover their costs in the performance of their services or duties.
Provision	This is an amount set aside in the accounts for a past event which is likely or certain to result in a financial cost some time in the future, though the exact amount and date may be uncertain.
Public Works Loans Board (PWLB)	This is a Government Agency which provides longer term loans to local authorities.
Related Party Transactions	These are disclosed to highlight any relationships that may exist between the Council and third parties who may materially affect or influence the way the Council or third parties are able to operate.
Reserves	These are sums set aside to meet future expenditure. This Council splits the total reserve to show those earmarked to fund specific expenditure and those held to fund non-specific future expenditure in the general reserve.

## Glossary of Terms

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Revaluation Reserve	This reserve is used to record gains in fixed asset values as a result of formal revaluations of the Council's fixed assets.
Revenue Expenditure Funded from Capital under Statute	This represents revenue expenditure which the Council is allowed to apply to Capital under statutory provisions. It does not result in fixed assets controlled by the Council.
Revenue Support Grant/NDR	This is general government grant in support of local council services which is paid by the Welsh Government. The distribution of this grant tries to take account of the differing needs in each Council.
Right of Use Assets	A Right-of-Use (ROU) Asset represents a lessee's right to use an underlying asset for the lease term under a lease agreement.
Service Concession	A service concession arrangement arises when a Council grants a contract to a supplier who provides or maintains capital assets on the Council's behalf, which revert to the Council's ownership at the end of the contract. The grantor regulates the services the operator must provide using the assets and also controls any significant residual interest in the assets at the end of the term of the arrangement.
The Code of Practice	The Code of Practice incorporates guidance in line with IFRS, IPSAS and UK GAAP accounting standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council.

Note: values throughout these accounts are presented rounded to whole values as shown throughout the accounts. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.