Statement of Accounts

2025 - 2026

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CONTENTS

1 NARRATIVE REPORT

The following Statement of Accounts brings together in summary form the financial transactions of the Authority for the year 2025/26.

The Authority's Accounts for the year 2025/26 are set out on the following pages of this report and have been produced in line with the 2025/26 Code of Practice on Local Authority Accounting (the Code).

1.1 The accounts consist of the following financial statements:

Expenditure and Funding Analysis

Comprehensive Income and Expenditure Statement (CIES)

Movement in Reserves Statement

Balance Sheet

Cash Flow Statement

Detail on each of these financial statements can be found in Section 5.

Housing Revenue Account Income and Expenditure Statement and Movement on the Housing Revenue Account Statement

Detail on these financial statements can be found in Sections 7 and 8.

Dyfed Welsh Church Fund and Other Trust Funds

Detail on these Funds can be found in Sections 9 to 11.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.2 Revenue Budget

The following table shows how the actual spend on services during 2025/26 compared with the budget set for the year.

Service	Working Budget				Actual				
	Expenditure	Income	Net Non Controllable	Net	Expenditure	Income	Net Non Controllable	Net	Variance For Year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	24,439	(6,009)	(11,213)	7,217	26,851	(9,270)	(11,213)	6,368	(849)
Social Services & Housing	260,546	(105,501)	10,193	165,238	307,767	(146,205)	10,193	171,755	6,517
Corporate Services	77,330	(40,339)	15,553	52,544	65,243	(29,538)	15,553	51,258	(1,286)
Education & Leisure	71,458	(35,005)	33,835	70,288	75,243	(38,850)	33,835	70,228	(60)
Schools Delegated Budget	179,346	(26,310)	0	153,036	192,625	(31,866)	0	160,759	7,723
Place, Infrastructure & Economic Development	148,681	(79,069)	18,947	88,559	166,576	(99,651)	18,947	85,872	(2,687)
Departmental Expenditure	**761,800**	**(292,233)**	**67,315**	**536,882**	**834,305**	**(355,380)**	**67,315**	**546,240**	**9,358**
Net Interest & Capital Accounting Adjustments				(46,961)				(49,237)	(2,276)
Pension Reserve Adjustment				10,627				10,627	0
Accumulated Leave				819				819	0
Levies and Contributions:									
Brecon Beacon Nat Parks				162				160	(2)
Fire Authority				15,185				15,185	0
Corporate Joint Committee				151				151	0
Net Expenditure				**516,865**				**523,945**	**7,080**
National Insurance Grant				(7,000)				(5,954)	1,046
General Government Grant				0	500	(1,399)	0	(899)	(899)
Corporate Contingency				650				0	(650)
Contribution to/(from) General Balances				0				(1,755)	(1,755)
To/(from) Earmarked/Departmental Reserves				0				3,586	3,586
Transfers to/(from) Earmarked Reserves				0				0	0
Transfers to/(from) School Balances				0				(7,723)	(7,723)
Net Budget				**510,515**				**511,200**	**685**
Revenue Support Grant				(307,213)				(307,213)	0
Non Domestic Rates				(68,479)				(68,479)	0
Council Tax				(134,823)				(135,508)	(685)
				0				0	0

The 2025/26 revenue budget was approved by County Council on 26th February 2025. The budget endeavoured to meet the aspirations of the Authority, whilst recognising the extraordinary financial risks facing local authorities. The budget addressed specific demands in certain service areas whilst seeking to balance the impact on service delivery and local taxpayers.

The financial position at year-end showed an overspend at department level of £9,358k including movement in school balances.

The Chief Executive Department is underspent by £849k for the year. The main variance is salary savings due to vacant posts within IT, Policy, Legal, Business Support, Electoral Services and Marketing & Media divisions. There are also savings on supplies and services during the year.

The Department for Social Services & Housing is overspent by £6,517k for the year. Adult Social Care ended the year with an overspend of £2,092k. Overspends are due to increased demand for services, particularly residential placements (£1,026k) and Supported Accommodation (£933k). Childrens Services ended the year with an overspend of £3,619k. Increased demand for residential placement and fostering resulted in significant overspends for these areas. Council Fund Housing ended the year with an £806k overspend mainly due to an underachievement of planned efficiency savings in relation to re-settlement funding.

The Corporate Services Department is underspent by £1,286k for the year. There is a £285k underspend on pre LGR pension costs, a £37k underspend on Subscriptions, a £921k underspend on the corporate retirement fund, a £161k underspend on Council Tax Reduction Scheme along with a £45k underspend on Rates Relief due to lower than budgeted take up of both schemes. These are offset by an overspend in Miscellaneous Services due to the need to set aside some of the departmental underspend for known future pressures.

The Department for Education & Leisure is underspent by £60k at year end (excluding schools). While the Education Services division is reporting a net underspend of £845k, school meals are overspent by £562k. Leisure and Culture finished the year with an underspend of £203k mainly due to vacancies in library services. Public Protection Services are £426k overspent due to historical unachievable income targets within financial investigations, licensable properties and the inability to amend some fees due to statutory guidance which have been reflected in growth budget for 2026/27.

In aggregate, Schools set their budgets in excess of available funding during the year, in part driven by Additional Learning Needs pressures. Overall, there was a draw on balances of £7,723k during the year, leading to deficit balance of £9,561k.

The Place, Infrastructure & Economic Development department is showing a break-even position for the year, after full allocation of available Extended Producer Responsibility grant funding towards future waste strategy costs. The Service Improvement and Transformation division is underspent by £45k. The Environment and Infrastructure division is overspent by £863k which is partly due to a £418k pressure on School and public transport services and a £795k pressure following the severe flooding in November 2025. However, this is mitigated by the Economic Development and Property Division being underspent by £558k and the Place & Sustainability division reporting a £260k underspend.

After taking account of savings on capital financing costs, increased interest income and significant additional Welsh Government Grant Funding including support for the NJC pay award and unexpected funding to support pressures, plus the movement in Earmarked and Departmental reserves, the Authority transferred £1,755k from general reserves for the 2025/26 financial year.

HOUSING REVENUE ACCOUNT	Working Budget			Actual			Variance For Year
	Expenditure	Income	Net	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	54,289	(56,473)	(2,184)	56,898	(57,128)	(230)	1,954
Transfers to/(from) HRA balances	0	0	2,184	0	0	230	(1,954)

The Housing Revenue Account (HRA) reported an overspend of £1,954k for the year.

The main variances were:

- Overspends in Repairs and Maintenance costs £8.76m reflect the increased number of responsive jobs to deal with the backlog of housing repairs
- Surplus on operational account delivering HRA services -£4.878m which serves to reduce the overspend on Repairs and Maintenance
- Overspends on Supervision and Management/ £ recharges £1.139M such as employee costs £142k (payaward etc.), investment in estates £491k, temporary accommodation costs £342k, compensation payments £449k, premises insurance £80k, energy costs £82k and telephones/wifi costs £85k partially offset by reduced recharges £243k due to how internal services provided.
- The revised funding of the capital programme and delivery of some services directly within communities decreased for direct revenue funding by -£2.053m.
- Reduced weighted average debt rate and capital financing requirement resulted in a decrease in capital charges -£626k.
- Rental/service charge/other income is £295k worse off due to variation in stock numbers and average rent slightly lower than budgeted £-107k, void loss £-188k and other income.
- Additional Housing Support Grant will provide savings of -£1.060m.
- HRA balances/reserves suffered from slightly lower interest rates than predicted resulting in less income of £74k.
- Reduction in use of bad debt provision saved -£24k.

1.3 Reserves

In the changeable and challenging environment facing Local Government the Authority is committed to maintaining a reasonable level of reserves. At the year-end the general reserves amounted to the following:

	£'000	£'000
Council Fund:		
Held by Schools under Local Management of Schools Regulations (LMS)	(9,561)	
Generally available for new expenditure	15,497	5,936
Housing Revenue Account		11,169
		17,105

In addition to general reserves the Authority holds earmarked reserves of £139.358m for specific purposes.

1.4 Borrowing

£30m new borrowing was taken from the Public Works Loans Board (PWLB) in 2025/26.

As at the 31st March 2026 the Authority's total borrowing stood at £434m, which was within the Authority's authorised limit of £631m. Further detail is included in Note 6.44 to the Accounts.

The Authority's borrowing procedures and limits are outlined in the Treasury Management Policy and Strategy, which is approved annually.

1.5 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 debit balance on the Pensions Reserve of £32.6m shows a deficit on an accounting basis in the resources the Authority has set aside to meet the benefits earned by past and current employees. This deficit relates to unfunded pension liabilities which are excluded from the asset ceiling calculation.

1.6 Current Economic Climate

The accounting statements are required to reflect the conditions applying at the end of the financial year

All the assets of the Authority are re-valued on a cyclical basis and in many instances therefore the current valuation (last undertaken in past years) is likely to reflect current market value or a fair reflection thereof. The majority of assets are held for service delivery and therefore any changes in commercial sales market conditions does not affect values in these accounts. Where a full valuation has not been carried out at the balance sheet date, property valuations have been updated to reflect current building indices or market comparators (depending on valuation method) where material changes have been highlighted. The accounting statements are required to reflect the conditions applying at the end of the year.

CPI inflation remains stubbornly above the Bank of England's 2% target, with continued upward pressure from the Iran War, driven by global energy prices. UK Government debt is not only more costly than it was, but also monthly borrowing figures continue to rise. These factors compound, meaning that more than 8% of public spending in 2025/26 is forecast to be interest costs, which is nearly three times as much in cash terms as it was before the pandemic.

These wider economic factors have been considered when reviewing bad debt provisions, as well as in setting realistic but prudent budget allowances.

The UK political system is undergoing a period of instability with seven Prime Ministers in the last 10 years. Traditional "two party politics" has been replaced with a highly fragmented multi-party system, with significant change during the May 2026 Local government elections, and the end of three decades of Labour Welsh Governments. At the time of writing, the first ever Plaid Cymru government had been formed, with a 100 day plan constituting an ambitious agenda.

Against this backdrop, our overall financial standing has been maintained at a prudent level, with budgets for future years prepared in a robust manner. During 2025/26 financial year, there were significant service pressures within social care and schools, leading to a reduction in general fund balances to £15.5m as well as an increase in aggregate school deficits to £9.6m. Whilst this level of change has been accommodated in the individual financial year, this is only manageable on the basis of the development of recovery plans, but is not a sustainable trend that can be accepted for the County Council. Consequently, there is considerable management and member oversight to ensure that this will be addressed for the future. Given this assessment, the Section 151 Officer does not currently believe the Authority is at risk of having to issue a Section 114 notice in the immediate future.

1.7 Capital

In 2025/26 the Authority spent some £154.1m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions, reserves and direct revenue financing.

£45.5m was spent on Housing with the areas of spend being as follows:

Public Sector	
Refurbishment & redevelopment of housing stock and the purchase of additional housing stock	£42.1m
Private Sector	
Disability Facility Grants	£2.0m
Other Improvements	£1.4m

The major areas of expenditure on non-housing services were as follows:

	£'m	
Education	19.4	New Schools, Renovations and Improvements to existing Schools
Leisure	5.3	Sports & Leisure, Arts & Culture and Libraries
Infrastructure & Recycling and Fleet Replacement	39.1	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, Rights of Way, Coast & Flood Defence, Depots, Waste Management & Recycling and Fleet Replacement
Economic Development	40.5	Physical Regeneration Projects County Wide, Community Development, Joint Ventures, Swansea Bay City/Regional Deal projects and Levelling-up projects
Adult & Children Social Services	1.4	Care Homes, Learning Disability Developments and Family Services Projects
Corporate	2.9	Capital Minor Works, Upgrade of Admin Buildings and ICT StrategyDevelopments

1.8 Further Information

Further information about the accounts is available from the Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority 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 these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices 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 Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts on pages 76 to 172 gives a true and fair view of the financial position of Carmarthenshire County Council at 31st March 2026 and its income and expenditure for the year ended 31st March 2026.

Chris Moore FCCA
Director of Corporate Services

Dated: 2 July 2026

ANNUAL GOVERNANCE STATEMENT 2025-26

Executive Summary

This Annual Governance Statement (AGS) looks at how effective our governance has been in 2025/26 and looks forward to possible improvements and priorities for 2026/27.

Carmarthenshire County Council's (the Council) governance arrangements for 2025/26 have been subject to a comprehensive annual review of effectiveness, informed by a wide range of assurance sources including internal audit, statutory officers, external audit, performance data, and stakeholder engagement. This review has concluded that the Council's governance framework is fit for purpose, aligns with the seven principles of good governance set out in the CIPFA/SOLACE Framework and the 2025 Addendum, and is operating effectively to support the achievement of the Council's objectives. Where opportunities for further strengthening governance have been identified, these are reflected within the Council's continuing improvement actions.

The review identified areas for further development, which do not represent significant governance weaknesses and are being addressed through agreed improvement actions.

Based on the annual review of governance effectiveness, the Council is able to provide reasonable assurance that its core governance arrangements — including ethical standards, stakeholder engagement, sustainable outcomes, effective interventions, leadership capacity, risk management, and transparency — are in place and operating as intended. Where opportunities for further strengthening governance have been identified, these do not represent significant governance weaknesses and are being addressed through a clear, monitored action plan.

For 2026/27, the Council is committed to continuous improvement and has identified key priorities, including enhancing the sharing and accessibility of performance information; further developing the Corporate Data Suite to support strategic decision-making; strengthening alignment between medium-term financial planning and the Council's transformation and corporate strategies; embedding the requirements of the new Global Internal Audit Standards and the CIPFA Code of Practice for Internal Audit Governance; responding proactively to new legislative requirements and regional governance developments; and maintaining a strong focus on cyber security, information governance, and organisational resilience.

The Council's Governance and Audit Committee, supported by the Corporate Governance Group, will continue to oversee the implementation and monitoring of improvement actions. The Annual Governance Statement has also been informed by the work of Audit Wales, and nothing has arisen from their work to date that is inconsistent with the conclusions set out in this Statement.

In summary, following the annual review of effectiveness, the Council's governance arrangements are considered fit for purpose for 2025/26, with a clear commitment to ongoing improvement and resilience in response to future challenges.

Assurance

Review of Effectiveness and Assurance for Core Arrangements

The Council has conducted a rigorous annual review of the effectiveness of its governance framework, in accordance with the requirements of the Accounts and Audit (Wales) Regulations and the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2025 Addendum). This review was coordinated by the Corporate Governance Group and informed by a wide range of evidence, including:

- The Head of Internal Audit's annual report and opinion on governance, risk management, and internal control.
- Assurances from statutory officers (Chief Executive, Section 151 Officer, Monitoring Officer) and other senior managers.
- Performance and data reports, including benchmarking and self-assessment against best practice.
- Outcomes from external audit (Audit Wales), inspectorates, and other regulators.
- Feedback from members, including annual reports from committee chairs.
- Evidence from the risk management framework and assurance mapping.
- Results of stakeholder engagement and consultation exercises.

For each of the seven principles of good governance, the Council has assessed whether the following core arrangements are in place and operating effectively:

1. **Ethical Standards and Conduct:** Codes of conduct for members and officers, management of conflicts of interest, whistleblowing arrangements, and compliance with laws and regulations are in place and operating effectively.
2. **Openness and Stakeholder Engagement:** Arrangements for transparency, consultation, and engagement with citizens and stakeholders are robust and regularly reviewed.
3. **Defining Outcomes:** The Council's vision, well-being objectives, and long-term plans are clearly established and aligned to sustainable economic, social, and environmental benefits.
4. **Determining Interventions:** Service planning, resource allocation, and performance management arrangements are effective and support the achievement of intended outcomes.
5. **Developing Capacity and Leadership:** Member and officer development, workforce planning, and succession arrangements are in place and regularly reviewed.
6. **Managing Risks and Performance:** Risk management, internal control, and financial management arrangements are embedded and subject to regular review. Internal audit arrangements conform to the Global Internal Audit Standards and the CIPFA Code of Practice for Internal Audit Governance.
7. **Transparency and Accountability:** Arrangements for reporting, audit, and external challenge are effective. The Governance and Audit Committee provides robust oversight, and improvement actions are monitored and reported

Where any core arrangement is not fully in place or operating as intended, this has been identified as an area for improvement in the AGS action plan, with clear actions, responsible officers, and monitoring arrangements.

Based on the evidence considered, the Council is satisfied that its governance arrangements are fit for purpose and provide a sound basis for delivering its objectives. The Council remains committed to continuous improvement and will monitor the implementation of all identified actions through the Governance and Audit Committee and the Corporate Governance Group.

The Corporate Governance arrangements of the Council are considered to be acceptable, based on the ‘High’ assurance level determined by the Council’s Internal Audit Review of Annual Governance Statement and Corporate Governance arrangements.

To enable this judgement the Council’s Internal Audit service conducted a review of our arrangements against the adopted standards. (see below).

Findings of Carmarthenshire CC’s Internal Audit Review of AGS and Corporate Governance	
Post Review Assurance Level	Description for Assurance Level
High	A sound system of internal control exists, is operating effectively and is being consistently applied to support the achievement of objectives in the area audited.
Internal Audit found no fundamental control issues to be addressed as a high priority.	

The Internal Audit review of the Annual Governance Statement noted above forms part of the wider programme of assurance work that underpins the Head of Internal Audit’s annual opinion on the adequacy and effectiveness of the Authority’s governance, risk management and internal control arrangements.

Internal Audit Annual Opinion on the Effectiveness of Governance, Risk Management and Internal Control.

Based on the work undertaken during the year, the Head of Internal Audit has concluded in their Annual Report to the Governance & Audit Committee that the Authority maintains an adequate and effective framework of governance, risk management and internal control, providing reasonable assurance that objectives are being achieved and that resources are managed economically, efficiently and effectively.

However, a significant governance issue continues in relation to the financial sustainability of schools and Children’s Services. Despite the presence of established monitoring and oversight arrangements, levels of overspending remain unsustainable and present a material risk to the Authority’s financial resilience. If not effectively addressed, continued deterioration could adversely impact the Authority’s overall financial position, the adequacy of reserves, and the delivery of strategic priorities.

The Authority operates within a clearly defined governance framework, supported by an established Constitution, robust committee and management structures, and approved policies and Financial Procedure Rules. These arrangements are generally operating as intended and provide a sound basis for accountability and control.

Sufficient assurance work has been completed to support this conclusion and to inform the Annual Governance Statement.

In conclusion, Internal Audit’s review of the Annual Governance Statement and the Authority’s corporate governance arrangements concluded that a sound system of internal control is in place, operating effectively and being consistently applied to support the achievement of the Authority’s objectives. The review provided a High level of assurance, with no fundamental control issues identified that require priority action. Taking account of this assurance, the Council is satisfied that its governance arrangements are fit for purpose and operating effectively.

Scope of Responsibility: Corporate Framework and Strategy

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, whilst also ensuring that public money is safeguarded, accounted for, and used economically, efficiently, and effectively so as to secure continuous improvement.

Below is a table outlining the measures and governance responsibilities undertaken by the Authority to ensure that these standards are upheld:

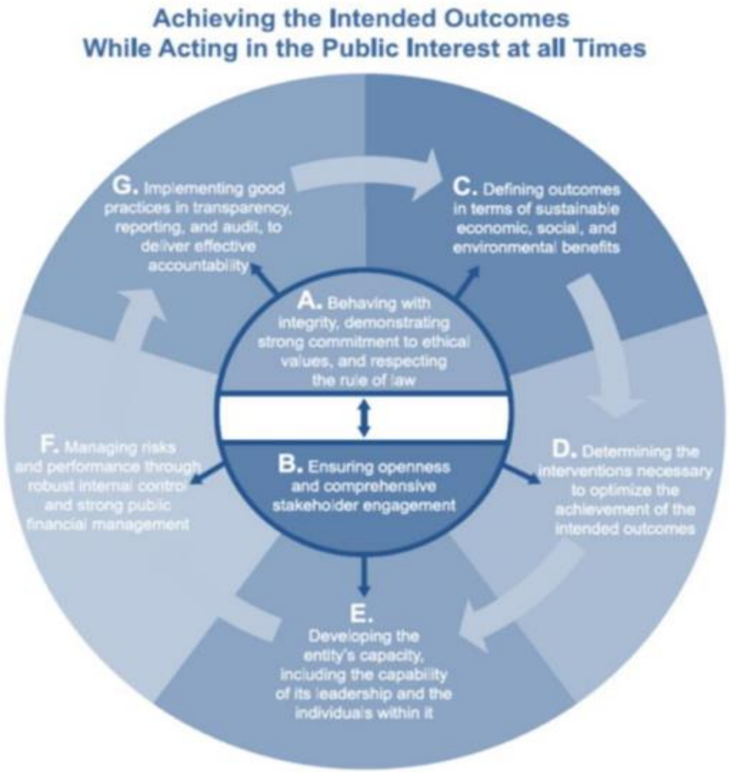
Corporate Governance Group	Comprising key Officers and 2 Cabinet Members, the Corporate Governance Group is in place to inform and monitor progress on issues affecting Governance, including the Code of Corporate Governance, which was approved by Council in June 2012 and most recently updated in July 2021.
CIPFA/SOLACE Framework	The Council's governance framework is informed by the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government' (2016), as supplemented by the CIPFA/SOLACE Addendum published in May 2025, which applies to Annual Governance Statements from 2025/26 onwards. Together, this guidance identifies seven key principles of good governance which complement the requirements of the Well-being of Future Generations (Wales) Act. The Authority's Local Code of Corporate Governance reflects these principles and incorporates the policies, processes, and arrangements required to support an effective annual review of governance and the preparation of the Annual Governance Statement in line with the updated guidance.

The Seven CIPFA Principles

As detailed within the Authority's Code of Corporate Governance, the seven fundamental principles are as follows:

Each of the principles will be considered, in turn, with a detailed account of measures taken and any improvements or priorities necessary to enhance the Authority's Governance procedures in the financial year.

We believe that the governance measures in place during 2025/26, informed by the Authority's arrangements, are effective in achieving sound governance and provide a balanced and pragmatic framework for managing the Council's key challenges and priorities. This conclusion is supported by the outcomes of the annual review of effectiveness, including assurance from internal and external audit, statutory officers, performance management arrangements, and stakeholder engagement activities. Collectively, these measures demonstrate that governance processes are embedded across the organisation, operating as intended, and are capable of supporting informed decision-making, effective resource management, and the delivery of the Council's strategic objectives whilst continuing to evolve in response to emerging risks and legislative change.



Wendy Walters
Chief Executive

Linda Davies-Evans
Leader

Dated:

Principle A – Integrity and Values

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities and challenges for 2026/27 (Action Plan)
Standards Committee	The Chair of Standards Committee presents an annual report to full Council on the Committee's activities, which must by law describe how the committee's functions have been discharged during the financial year, and includes a summary of what has been done to; reports and recommendations made or referred to the committee; action taken by the committee following its consideration of such reports and recommendations; notices given to the committee, as well as the committee's assessment of the extent to which leaders of political groups on the council have complied with their duties to take reasonable steps to promote and maintain high standards of conduct by the members of the group and co-operate with the council's standards committee. This Committee also has oversight of the Whistleblowing Policy and Procedure.	- Training on the Code of Conduct was provided to County Councillors and to Town and Community Councils after the May 2022 elections. Refresher training was delivered in July 2025 for Town and Community Councillors. - During 2025/26 a total of 8 referrals were made to the Public Services Ombudsman for Wales about the conduct of Carmarthenshire County Council members with all eight of the complaints were not investigated. - Dispensations were granted by the Committee to 44 town and community councillors to participate in items of business where they had some form of interests, and to 3 County Councillors. Standards Committee meetings attracted 42 live views and 229 archive views in 2025/26.	A National Standards Forum has been established of the chairs of all the Standards Committees in Wales as a forum for sharing best practice, ensuring in so far as possible consistency on similar decisions and discussing topical issues. The Chair or Vice-Chair of the Standards committee should continue to attend meetings of the Forum and share best practice with the rest of the committee.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities and challenges for 2026/27 (Action Plan)
The Constitution	The Authority adopted a new Constitution in the form promoted by the Welsh Government upon the modernisation of local government, following the Local Government Act 2000, and this has been kept under review since then to ensure that it meets the needs of the Authority and its regulators in terms of transparency of Governance, accountability and decision making. The Constitution is published on the Council's website and explains the way the Council operates and how it takes decisions. This is updated on an as and when basis and at least once per annum.	The Authority has moved to a model of encouraging and promoting pre-decision scrutiny of its decision making and policies, and to that end it has strengthened its Forward Work Programmes so that Scrutiny Committees can better see which decisions / policies are going to be considered and when, giving them an opportunity to involve themselves at an early stage. -Data shows that there is interest in the business of the Authority with webcasts of County Council meetings having had 646 live views and 2673 archived viewings during the year, and Cabinet 346 and 2158 respectively. 1. 28 Questions on Notice were asked under the Council Procedure Rules at Full Council of Cabinet Members by Members during 2025/26. However, questions put in this way can only be presented at the scheduled meetings of the full County Council and therefore there can be a delay before they can be dealt with. Therefore, such questions might have received quicker responses had they been asked directly of the Cabinet members outside of the cycle of Full Council meetings.	CRWG has met on 10th February and 1st April 2026 to review the Constitution. This led to a series of recommendations which were subsequently unanimously approved by Council at its Annual General Meeting held on 20th May 2026. The changes approved amended Council Procedure Rules, updated the Members Code of Conduct and there were other consequential amendments. The Constitution is very much a living document and CRWG will re - convene later in 2026 to review the Constitution again.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities and challenges for 2026/27 (Action Plan)
		2. Only 9 Questions on Notice were asked by members of the public at Full Council during 2025/26. 3. The Authority has published its Public Participation Scheme which provides information on the ways in which the public can interact with the Authority.	
Corporate Governance Group	Corporate Governance Group has been established to coordinate, manage and report on the Governance arrangements of the Authority. The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement, for approval by the Leader, Chief Executive, and the Governance and Audit Committee.	- There is a Co-ordinated approach to the drafting of the Annual Governance Statement and challenge of the contents, to ensure it reflects the actual governance position and identifies what improvements are required. An action plan is produced annually, and the governance issues are monitored through the quarterly Governance Group Meetings.	1. Must ensure that, when compiling the AGS; • The Code of Governance is applied. • Our Well-being Objectives, Thematic Priorities and Service Priorities have appropriate governance arrangements. • That we are applying the sustainable development principle. • Governance arrangements are effective to ensure we are fulfilling our 'performance requirements'; that is the extent to which we are exercising our functions effectively and using resources economically, efficiently and effectively. • Engagement with Governance and Audit Committee Members 2. We continue to ensure that Corporate Performance Management and Internal Audit work together, to ensure that the Annual Governance Statement plays its part in the Overall Council's Self-Assessment.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities and challenges for 2026/27 (Action Plan)
Monitoring Officer	The monitoring officer (Head of Law, Governance and Civil Services) works closely with the Chief Executive and S.151 officer in accordance with the provisions of the Local Government and Housing Act 1989 and is to report any potential unlawfulness. Other duties include the maintenance of and compliance with the Constitution; supporting Members and Officers to comply with the law and Authority's principles; overseeing the Democratic Services Unit; and attendance at the All-Wales Network of Monitoring Officers on a quarterly basis.	The Monitoring Officer did not have to publish any statutory reports during the 2025/26 year.	As the Monitoring Officer did not have to publish any statutory report during the 2025/26 year no recommendations are made.

B – Openness and Engagement

Ensuring openness and comprehensive stakeholder engagement

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
Consulting and Engaging with Citizens and Service Users	There are numerous network groups representing a range of interests from the youth forum to the ageing well network as well as fora that we engage with to seek the views of those with specified protected characteristics as recognised by The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. All consultations are published on the Council website providing residents with a comprehensive 360-degree overview of the consultation process. This approach aims to improve transparency and encourage active participation. Secondary sources of information are also utilised to build a comprehensive picture. Such data is used within the Annual report and self-assessment.	- During the year, the Authority undertook extensive consultation on its Budget, which included a week of face-to-face member seminars as well as Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils and Unions. The results of the consultations are considered and presented to Cabinet and County Council as part of the Budget Strategy Report. This year, there were more than 1,200 responses. - Responses to our Residents Survey for 2025 saw an increase of 21% on the previous year, receiving 4,357 responses. This is a significant improvement on our baseline year in 2022. - Additionally, a recent Housing and regeneration masterplan received 2,522 completed surveys in comparison to 189 in a similar survey run in 2018. The increase in participation is attributed to the closer relationship developed with the Media and Marketing team ensuring that	1. A cross-departmental officer Task & Finish Group has been convened to further develop our approach and opportunities for involvement across the Council. This group will lead on the mapping of engagement and consultation activity as well as sharing intelligence gleaned from any involvement work across Council services. 2. Data Insight & Performance Team to support in the development and analysis of consultation activity arising from the Local Government and Elections (Wales) Act 2021. 3. We will work with other Council services to further develop the Council's involvement and use of data gathered as part of a Council wide involvement, participation, and consultation framework. (12435) (WAO Regulatory Recommendation – 'Use of Data'). 4. The Council should explore the options available to share performance information in a more transparent and easily accessible way. This extends to sharing with residents

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
		consultations are promoted on social media and the corporate website and are sent to all key stakeholders. The Council's Involvement Strategy was approved by Cabinet in April 2025. The Strategy outlines the requirements for the Council and confirms some of the current approaches being utilised	(where possible) how and why financial resources are spent and invested where they are.
Complaints	The Council has a Complaints Policy (adopted in 2021/22) for corporate complaints based on an All-Wales model and issued by the Complaints Standards Agency under powers contained within Section 36 of the Public Services Ombudsman (Wales) Act 2019. The procedure for complaints and compliments is outlined and statistics and analysis of the complaints received are reported as part of quarterly performance monitoring. The Council has a centralised Corporate Complaints Team for most services, and this team liaise with other relevant Council services to respond to complaints. The exception being that Adult social services and Children's social services are managed by the Communities Department.	The breakdown of the complaints investigated and responded to during 2025/26 as follows: • Corporate complaints: 1,283 complaints received. 66 complaints progressed to Stage 2. • Statutory adult social care complaints: 45 Stage 1 complaints and 13 Stage 2. • Statutory children's social care complaints: 56 Stage 1 complaints and 16 Stage 2. The Council has not been able to respond to all complaints within statutory timescales: • Corporate complaints: 73% of Stage 1 and 61% of Stage 2 complaints were responded to within statutory timescales. There has been a significant improvement in terms of the Stage 2 result, (12% in 2024/25).	1. Further develop our approach to using data and information from complaints to inform service development. 2. The Transformation Team have led a series of workshops to look at back-office functions and how areas such as Complaints, SAR and FOIA are coordinated across the Authority. This work will continue in 2026/27 and as part of this we will research a new system to support requests.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
		During 2025/26, we appointed a new Complaints Management Officer role as part of the corporate complaints team, to support the management of Stage 2 complaints. The officer has provided support and guidance to departments and has led improvements by the team in terms of accessibility and clarity of information Improvements have been made to the corporate website to explain and clarify the complaints process and signpost to the 'Report' function when members of the public have service requests. The Complaints Management Officer has worked with Waste Services and Housing Services to analyse data and insight to support service improvements. This includes a detailed analysis of key themes and trends, with clear recommendations for consideration by the services. Statutory adult social care complaints: • 31(79%) Stage 1 and 8 (62%) Stage 2 complaints responded to within statutory timescales. There were also 6 corporate complaints at Stage 1 (100%) and no Stage 2 complaints	.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
	For social services related complaints (adult and children) the Council works in accordance with the Social Services Complaints Procedure (Wales) Regulations 2014.	Statutory children's social care complaints: •23 (48%) Stage 1 and 5 (45%) Stage 2 complaints responded to within statutory timescales. There were also 6 Children's Services corporate complaints at Stage 1 (75%) and 3 at Stage 2 (60%). There is now a varied training programme in place for complaints.	Arrangements for greater analysis of complaints trends and patterns are being put in place to improve learning from complaints and sharing of knowledge and understanding with a key focus on working to resolve issues.
Public Service and Ombudsman	The Public Services Ombudsman for Wales considers complaints from members of the public and members in relation to Members' conduct, and from members of the public in relation to alleged maladministration and has powers to instigate investigations of her own initiative. Her Report is published annually. S.16 Ombudsman's Public Interest Reports are reported to County Council as required by law. We provide data on a quarterly basis to the Ombudsman's Complaints Standards Agency.	We provide data on a quarterly basis to the Ombudsman's Complaints Standards Agency, which is an Agency created to drive improvements across Authorities in relation to complaints handling and outcomes. -No Public Interest Reports were issued against the Authority during the 2025/26 year. No referrals were made for hearings into any complaints about County Councillors conduct, either to the Authority's Standards Committee or to the Adjudication Panel for Wales during 2025/26.	Clear priorities are essential to strengthening our work with the Ombudsman, who plays a vital role in promoting accountability, transparency and fairness within the Council. We will continue to ensure that the public is fully informed of their rights and of the services available through the Ombudsman.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
Communication	The Authority's Marketing and Media team promotes the work of the council and supports proactive engagement with members of the public, helping them to access information on council services. The Hwbs in Ammanford, Carmarthen and Llanelli offer pre-booked appointments and drop-in advice to an average of 6,000 residents per month, as well as providing advice and access to training and employment support. Hwb bach y wlad collaborates with key partner agencies to deliver a comprehensive range of services designed to support the wellbeing and financial resilience of rural communities in Carmarthenshire. The Hwbs and Hwb Bach y Wlad continue to proactively promote the Claim What's Yours initiative through a variety of means, which include social media, leaflets placed with Registrars. We work with partners including CAB, Angor, Adfer, Connecting Carmarthenshire etc and attended numerous events across the County to promote the service further. We have visited all food banks in the County and attended school parents evenings. We have worked with Armed Forces veterans and attended community immunisation clinics.	My Hwb account for online services and payments continues to be an effective way to access services. Throughout 2025/26 we have seen residents and businesses accessing information, support and council services online, the number of sessions on our website has this year reached almost 5.5 million. In 2025 alone, Carmarthenshire County Council's Hwbs assisted over 2,596 residents referred to its Claim What's Yours Service to claim more than an estimated £4.5m in support and benefit payments. https://newsroom.carmarthenshire.gov.wales/2026/3/over-12m-in-support-payments-claimed-by-carmarthenshire-residents-through-the-council-s-hwbs/ Accessibility of information is key is very important to us, this year we worked with DAC (Digital Accessibility Centre) to audit our website to make sure their digital products/ services are usable and comply wherever possible with level AA of the Web Content Accessibility Guidelines (WCAG 2.2) in line with the requirements of The Equality Act 2010. It is so important to remember that residents, visitors and businesses are now accessing the website in various ways, 59.85% access using their mobile device.	1. We will continue exploring ways to engage with our external customers in a clear and consistent manner. 2. We will continue to promote services and to promote the work of the council. Assist and inform the public as to how and why financial resources are allocated and invested. https://vimeo.com/1045390849 3. Council communications now align with and reference the Corporate Strategy and well –being objectives.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
	The Marketing and Media team work with the Cabinet and Departmental Management Teams to plan proactive communications, supporting service areas to engage with the right people, at the right time, in the right way.	This is key when considering how to present information to ensure we engage to as a wide an audience as possible. Social media continues to be a great way to communicate. New X followers – (-199) Total X followers – 11,118 X published posts – 952 Facebook post impressions – 10.6m Facebook account impressions – 9.5m Facebook post reach – 6.5m Facebook account reach – 12.7k Facebook published posts – 1228 New Facebook followers – 1961 Total Facebook followers – 29,892 LinkedIn total followers – 8338 LinkedIn post impressions – 81.9k LinkedIn post reach – 49.3k LinkedIn account impression – 85.5k	

C – Making a Difference

Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
Purpose and Vision	The Well-being of Future Generations Act places a duty on public bodies to act jointly through the Carmarthenshire Public Services Board (PSB), which the Authority is a member of. The Council's Corporate Strategy, published in March 2023, was shaped by the findings of the well-being assessment, and confirms four well-being objectives as can be found on the Authority's webpage; Start Well, Live & Age Well, Prosperous Communities, and Our Council.	- The PSB seeks to improve the overall well-being of Carmarthenshire residents through its Well-being Plan and focuses on 5 well-being objectives; these were developed based on the findings of a well-being assessment undertaken. During the year the PSB has taken action to make progress against the objectives and steps identified. - One key piece of work is the completion of a Climate Change Risk Assessment, in partnership with Ceredigion PSB and Natural Resources Wales. - The Council's business planning processes are fully aligned to the Corporate Strategy Well-being Objectives, Thematic and Service priorities. - As a Council we already have a lot of data that we report and the Data Insight Team are looking to improve the way we use intelligence and understanding to inform service planning, setting a corporate approach to become a data driven authority. Furthermore, we are stepping up the use of data within our business planning.	1.The PSB will continue to monitor progress on the steps already being implemented and has a number of task and finish groups with multi-agency membership to progress the different areas of work. 2. During 2026/27, Carmarthenshire and Ceredigion PSBs will formally merge. A regional structure discussion paper was prepared and discussed by the PSBs in Carmarthenshire, Ceredigion and Pembrokeshire outlining possible structures, opportunities and risks. Pembrokeshire PSB agreed to remain as an independent PSB. Arrangements to be put in place to implement merged PSB by September 2026. 3. During 2026/27, the Assessment of Local Well-being will be updated with one assessment being prepared by the merged PSB for Ceredigion & Carmarthenshire. Pembrokeshire PSB are participating in the Consultation and Engagement Working Group and the Data Writers Group; however, they will publish a standalone assessment.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
			4.During 2026/27 we will continue to develop the Corporate Data Suite to support the Corporate Strategy for 2022-2027 and key policy areas. 5. A refresh of the Council's Performance Management Framework is underway and will be finalised in 2026/27. This places a focus on a data-driven approach to monitoring progress against our well-being objectives as noted by the Corporate Strategy.
Well-being of Future Generations Act	The Act identifies 'a core set of activities that are common to the corporate governance of public bodies (SPF1 Para 47). Applying the requirements of the Act to these activities is likely to most effectively secure the type of change required.' The general purpose of the Act is to ensure that the governance arrangements of public bodies are aligned to improving the well-being of Wales, taking the needs of future generations into account. As a public body we must publish our Well-being Objectives to maximise our contribution to the National Well-being Goals.	- We address the Act through the Council's Annual Report , and wellbeing statement. - In January 2026 we published a Council Annual Report on our progress during 2024/25. It provides a comprehensive and balanced assessment and information to the public about our services, so that they can see how we are performing and the challenges we are facing. We used a range of information to inform our self-assessment of each Well-being Objective and triangulate evidence to make a judgement on progress	1. We need to continue to promote the Well-being of Future Generations Act and the sustainable development principle, and when we reset our Corporate Strategy and Well-being Objectives following Local Government elections, we will involve our stakeholders in identifying future priorities in order to inform the Council's well-being objectives and ensure that the work of the whole organisation fully aligns to the delivery of those objectives. 2. A refresh of the Council's Performance Management Framework is underway and will be finalised in 2026/27. This places a focus on a data-driven approach to monitoring progress against our well- being objectives as noted by

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
			the Corporate Strategy whilst taking account of the requirements placed on us by the Act.
Local Govt & Elections Wales Act 2021	This Act established a new and reformed legislative framework for local government elections, democracy, governance and performance. It replaces the Local Government Measure 2009. Duties of the Council as per Part 6 include the duty to keep performance under review, consult on performance, report on performance, arrange a panel performance assessment, and respond to said panel assessment.	- Our Annual Self-Assessment of these Performance Requirements consists of a self-assessment by each division against the requirements, with self-scoring in terms of meeting the expectations. Divisional self-assessments form the basis of departmental summaries which form the basis of a corporate overview which is incorporated into the Council's Annual Report. - As part of our duty to assess the degree to which we are meeting our performance requirements the Council was subject to its first Panel Performance Assessment in June 2025. This was based around the concept of sector-led support and improvement. A report of main findings was produced, which the Council considered and subsequently responded to. The response details the actions the Council intends to take to make progress against the recommendations detailed within the report.	1. We will continue to enhance the use of information and intelligence from a range of sources to inform quarterly Performance Management Monitoring Reports. 2. We will ensure the Council fully embeds the requirements relating to performance and governance of the Local Government and Elections Act and align them to our current duties relating to the Well-being of Future Generations Act. 3. A refresh of the Council's Performance Management Framework is underway and will be finalised in 2026/27. This places a focus on a data-driven approach to monitoring progress against our well-being objectives as noted by the Corporate Strategy whilst taking account of the requirements placed on us by the Act. 4. We will publish a Council Annual Report for the period 2025/26, embedding self-assessment

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
			requirements, that brings together the expectations of the Local Government and Elections Act Wales 2021 and the Well-being of Future Generations Act. 5. The Marketing & Media Team and Data Insight and Performance Team will support in the development and analysis of consultation activity arising from the Local Government and Elections Act. 6. We will embed reporting arrangements to monitor progress against the actions identified in response to the PPA report.
Leader's Annual Report/ 5-Year Plan	Following local government elections in May 2022 the administration published its Cabinet Vision Statement for 2022-27 in July 2022. This Vision Statement guided the development of the new Corporate Strategy and Well-being Objectives and actions are embedded in service delivery plans.	- The 113 commitments are being tracked and monitored via the Council's Performance and Improvement Monitoring System (PIMS) and reported on a quarterly basis.	1. Leader and Chief Executive meet quarterly to monitor progress and report any issues to progress through performance management arrangements.

D – Making sure we achieve what we set out to do

Determining the interventions necessary to optimise the achievement of the intended outcomes.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
Managing Performance / Scrutiny Function	The Corporate Strategy's Well-being Objectives identify the key steps that will be taken to deliver the objectives. These steps are supported by detailed actions and measures that are identified in Business Plans. These actions and measures are monitored on PIMS. This enables responsible officers to update progress on a quarterly basis that can be monitored and approved by Heads of Service and reviewed at Departmental Management Teams. On a quarterly basis the Corporate Management Team and Cabinet Members examine performance at dedicated meetings. Scrutiny committees receive quarterly Performance Management reports as well as the end of year report. Reports are prepared to respond to the specific portfolio areas of each committee. Supplementary and more detailed reports on sickness absence and well-being are reported in Q2 and Q4.	- The performance management framework sets out the Council's approach to monitoring and managing the performance of the Council's services. Its aim is to keep the Council on track and focused on delivery of its key priorities; by providing councillors, managers and staff with the information and tools they need to deliver high-quality and high-performing services which help to achieve good outcomes for residents. - Integrated quarterly monitoring reports are continually being developed to build up a more rounded view of progress. - All business plans are aligned to the Corporate Strategy and the actions and measures set to deliver the strategy are monitored quarterly and reports tailored to each Scrutiny remit are made available quarterly. - Annual Reporting - We produce an Annual Report that looks at how we are progressing our Well-being Objectives and meeting our 'Performance Requirements'.	1. We will continue to enhance the use of information and intelligence from a range of sources to inform quarterly Performance Management Monitoring Reports. 2. We will continue to develop the Corporate Data Suite to support the Corporate Strategy for 2022-27 and key policy areas. 3. A refresh of the Council's Performance Management Framework is underway and will be finalised in 26/27. This places a focus on a data-driven approach to monitoring progress against our well-being objectives as noted by the Corporate Strategy. 4. We will embed reporting arrangements to monitor progress against the actions identified in response to the PPA report.

Process	Means by which this is achieved:	How well are we progressing and how do we know?	Priorities/Challenges for 2026/27
		- As part of our duty to assess the degree to which we are meeting our performance requirements the Council was subject to its first Panel Performance Assessment in June 2025. A report of main findings was produced, which the Council considered and subsequently responded to. The response details the actions the Council intends to take to make progress against the recommendations detailed within the report.	

E – Valuing our people; engaging, leading, and supporting

Developing capacity and the capability of leadership and individuals.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Democratic Services Committee	This is a statutory Committee with terms of reference which include promoting and supporting good governance. An important aspect of that aim is secured by the provision of reasonable training and development opportunities for Members and the appointment of the Chair of the Committee as the Member Development Champion.	The Committee did not consider any statutory reports during the year. The terms of reference of the Committee are limited as the Authority also has a cross-party Constitutional Review Working Group (CRWG) which considers recommendations in relation to constitutional changes. some further changes to the constitution recommended by CRWG to Council will be considered at the Annual meeting in May 2026 and if agreed will be subsequently adopted. Member specific Induction modules as well as a full catalogue of learning, comprising of WLGA modules designed specifically for elected council members in Welsh local authorities, is available alongside recorded learning sessions that had been delivered since 2022 as part of the annual member development plans approved by the Committee.	1. To ensure that the Authority continues to provide adequate training and development for its members. 2. To consider any statutory reports and reports from the Head of Democratic Services on the adequacy of provision by the authority of staff, accommodation and other resources to discharge democratic services functions. 3. To implement CRWG proposed changes to constitution dependent on Council approval in May 2026.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Managing our workforce	The Council recognises that an effective, well led and supported workforce is fundamental to the delivery of services, achievement of strategic objectives and maintenance of strong governance arrangements. The Council's Workforce Strategy underpins delivery of the Corporate Strategy, Transformation Programme and Cabinet Vision. It is supported by a multiyear delivery plan and a suite of measures to assess effectiveness and organisational capacity. Workforce and succession planning arrangements provide managers with tools to plan for future skills, capacity and service demands and are increasingly embedded within the business planning cycle. Learning and development is supported through the Council's Learning and Development Policy and Learning Management System, ensuring fair and transparent access to development opportunities. A comprehensive suite of HR policies supports recruitment, performance management, pay, attendance, employee relations and flexible working.	Staff engagement and insight – The Council undertakes an annual Staff Engagement Survey, which provides assurance on levels of engagement and identifies priority areas for improvement. Survey results indicate that staff are proud to work for the Council and provide valuable insight into organisational strengths and development needs. Using feedback to drive improvement – Findings from the Staff Engagement Survey are actively used to inform improvement activity. During 2025/26, the Heads of Service Forum commissioned specific projects in response to staff feedback, including work to improve internal communication and information sharing and the development of a more consistent corporate recognition framework, to support engagement, motivation and organisational culture. Workforce data and monitoring – Workforce indicators, including sickness absence, turnover and capacity pressures, are monitored regularly through CMT, Cabinet and Scrutiny arrangements. Managers have access to realtime attendance data. Short term sickness absence continues to require focused management attention.	1. **Staff engagement and communication** – Deliver the Heads of Service Forum commissioned projects arising from the Staff Engagement Survey, including improvements to internal communication and the development of a consistent recognition framework. 2. **Workforce planning** – Further strengthen workforce and succession planning to reflect emerging risks, service pressures, transformation activity and longer-term skills requirements. 3. **Workforce data** – Continue development of workforce dashboards to improve the use of management information for decision making, assurance and governance. 4. **Attendance and wellbeing** – Maintain a sustained focus on improving attendance, particularly short term sickness absence, alongside continued investment in wellbeing support and management capability.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	Occupational Health and Health & Safety services support workforce wellbeing, attendance and safe working practices, contributing to organisational resilience. Safeguarding in employment remains a priority, with robust recruitment and employment policies in place to support safe working. Workforce related change and improvement activity is overseen through established corporate and transformation governance arrangements, ensuring workforce implications are considered at an early stage. We aim to recognise and celebrate success across the Council – we have held two recognition events covering both learner of the year as well as health and wellbeing champions	External and internal assurance – Audit Wales' review "Springing forward – workforce management" confirmed that the Council is strengthening its strategic workforce planning and taking action to address capacity pressures, while recognising the need to further enhance performance monitoring and workforce data. **Employee Wellbeing Annual Report** - CMT monitoring report. This report provides a comprehensive overview of activities for CMT and the Authority, including detailed reporting on accident and near-miss incidents, statutory Health and Safety performance metrics, and the range of support services delivered by the Employee Wellbeing function, all within the context of our Health, Safety, and Wellbeing framework Transformation oversight – Regular update reports through existing transformation and workforce governance arrangements provide assurance on delivery of workforce related projects.	

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Scheme of Delegation to Officers	The Scheme of Delegation itemises the range of decisions which are delegated to officers, whether by the Council or by the Cabinet. In exercising delegated powers Officers must comply both with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions must be recorded and are subject to the call-in rules. Significant executive decisions by officers are published.	- Each Department will maintain its own records of delegated decisions made by officers. The more significant decisions are published and made available for call in before they can be implemented.	The Scheme of Delegation is incorporated within the Constitution. An updated scheme of delegation will be presented for approval at the Annual meeting in May 2026.

F – Managing Risks, Performance, and Finance

Managing risks and performance through robust internal control and strong public financial management.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Risk Management	During 2025/26, the Council continued to strengthen its risk management arrangements through a combination of improved governance frameworks, clearer corporate oversight and enhanced organisational capability. Previous engagement with Cabinet, the Corporate Management Team (CMT) and Heads of Service supported the development and formal adoption of a Corporate Risk Appetite Statement, providing a clearer corporate reference point for considering risk tolerance, escalation expectations and strategic exposure. The Council refreshed its Risk Management Strategy, risk templates and review processes to promote greater consistency in risk identification, scoring and reporting, and to strengthen linkage strategic objectives. Officers supported through targeted risk management training alongside officer participation in pan-Wales development activity coordinated by the WLGA.	- Following an independent review of the Corporate Risk register, recommendations were made for improvement and progress. This review was crucial in identifying gaps and has led to significant enhancements and changes to the Risk Management Strategy which has already been reviewed, updated and approved by CMT and Governance & Audit Committee The Council's leadership emphasises proactive risk management – senior managers discuss the corporate risk register frequently and members have been trained in risk oversight Risk management is generally embedded into governance (e.g. quarterly integrated performance reports include risk information, and a risk appetite has been defined)	Embed and further strengthen risk management arrangements by enhancing the consistent application of the Corporate Risk Appetite across decision making and service delivery, and improving alignment between strategic, operational, financial and performance risks. Continue to develop horizon scanning to support early identification of emerging risks and inform planning. Enhance risk assessment through increased use of data and evidence, refine escalation and reporting arrangements, and ensure clarity of risk ownership. Strengthen risk action planning and reporting to support informed decision making, maintain effective oversight of the Corporate Risk Register, and continue to develop organisational capability through targeted training and awareness.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	The Authority aims to embed good risk management into all its processes including a specific section in Committee Reports for the implications from a Risk Management perspective to be discussed and explained. Corporate, Service and Project Risks are captured within Risk Registers. We use "Web Based Risk Register Software". All Departments have direct inputting access. The Corporate Risk Register is reported to the Governance and Audit Committee on a six-monthly basis, following quarterly review and critical assessment of the risks by Corporate Management Team (CMT).	**Updating risk documentation** – a new Risk Management Strategy 2025–2029 (with an added section on horizon scanning) and clearer risk definitions so each risk record states its cause and potential impact. **Enhanced risk identification** – horizon-scanning workshop held for the Corporate Management Team and Heads of Service (to systematically capture emerging long-term risk The Corporate Risk Register is included on each Directorate Management Team's agenda biannually. During these meetings, Risk Officers attend to discuss Directorate respective risks in detail, providing challenges on content, scoring, definitions, and other relevant aspects. Regular monthly meetings are conducted with departmental risk management administrators to discuss new approaches and emerging issues. The new risk form was piloted by these individuals and is now being implemented for risk recording across each department.	

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Risk Management Steering Group	Carmarthenshire's Risk Management Steering Group (RMSG) plays a central governance role in the Council's risk processes. It operates as a cross-departmental forum (meeting quarterly) with broad membership – including a dedicated Cabinet Risk Champion, senior managers (as departmental "risk champions"), key officers (e.g. Health & Safety, Property leads), and an external risk advisor (the Council's insurance broker). The RMSG's mandate, set out in its Terms of Reference, is to oversee strategic risk management: it reviews the Corporate Risk Register every quarter (the register is a standing agenda item), monitors the effectiveness of risk controls, and ensures significant or emerging risks are escalated to the Corporate Management Team (CMT) and reported to the Governance & Audit Committee. The Group also coordinates three specialist working groups – on Transport Risks, Property & Liability Risks, and Contingency Planning – which address operational risk issues and feed into the RMSG. Additionally, the RMSG administers a dedicated Risk Management Fund (~£250k) to invest in risk mitigation initiatives, aligning expenditures with the Risk Management Strategy and budgetary priorities. Through training and guidance, the RMSG promotes a risk-aware culture	- The Terms of Reference of the Risk Management Steering Group and its various subgroups have been reviewed and implemented. This allows the Strategic Group to adopt more of a strategic approach to its consideration of risk management issues, such as undertaking regular reviews of the Corporate Risk Register. - Business continuity has been identified as an area for monitoring through the Corporate Risk Register. Business Continuity templates have been revised and reviewed by the Contingency Planning Group. The Group's regular quarterly meetings have taken place, supported by its sub-groups, and it has been effective in updating and challenging the Corporate Risk Register (e.g. adding new risks like violence against staff, merging or removing resolved risks such as RAAC in buildings). The RMSG's initiatives show tangible impact: for example, it used its risk management fund to implement targeted mitigation measures in 2025/26, which resulted in reduced insurance claims and a stronger self-insurance position (confirmed by the Council's broker, Marsh). The Group also fostered improvements like centralized	1. The Steering Group's role in allocating the £250k of risk management funding could be strengthened by introducing clearer criteria for how this funding is prioritised and spent on an annual basis. 2. Enhance business continuity plans: Joint cyber incident simulations have been conducted between IT and Risk to test and refresh departmental Business Continuity Plans (BCPs). While this remains a continuous improvement activity, the next phase will focus on embedding lessons learned from these exercises into updated BCP templates, ensuring consistency across departments, and establishing a rolling programme of scenario-based testing and peer review.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	across all departments and ensures that risk management is embedded in service planning and decision-making (each department has a risk champion linking into the RMSG). Overall, these structures and processes are the means by which the RMSG achieves its objectives of integrating and strengthening risk management Council-wide The Risk Management Steering Group examines how Risk Management can be developed and help ensure that Risk Management is embedded in decision making throughout the organisation. The Group meet quarterly and is supported by the work of its Sub-groups i.e. Property & Liability Risks, Motor Fleet Risks, and Contingency Planning. The Authority's Risk Management Steering Group reports its activity to the Governance and Audit committee. The group comprises of the Risk Champion Cabinet Member, Departmental Risk Champions and is chaired by a Head of Service.	driver training (to lower fleet risk) and streamlined business continuity planning. Joint exercises have been undertaken between the IT and Risk teams to simulate cyber incidents, providing departments with the opportunity to test and refresh their Business Continuity Plans (BCPs) under realistic conditions. These templates have now been issued through the Risk Champions for use by all services. IT systems form a greater part in the assessment and IT support has been offered to any service wishing to use their skills and knowledge to complete their business continuity plans.	

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Scrutiny Committees	The Authority has five Scrutiny Committees. The Scrutiny Function plays a valuable role in ensuring performance improvement and challenge. The role of Scrutiny in "Task and Finish Groups" has clearly had a positive influence on policy development. The Authority has a well-developed system of performance management. Scrutiny Committees receive quarterly reports and an Annual Report on performance which includes an update on all Performance Indicators and Key Actions contained within the Corporate Strategy. Under the Council's constitution, any 3 Council Members have the power to call-in executive decisions in respect of their own functional responsibilities, whether taken by the Cabinet collectively or by individual Cabinet Members on their own portfolio areas. In line with the formula set out in the Local Government Measure 2011, the Chairs of two out of the Authority's five Scrutiny Committees are allocated to the Opposition.	- The Chairs and Vice-Chairs of Scrutiny Forum meets on a quarterly basis to discuss and propose improvements to the scrutiny function for consideration by the Authority's Constitutional Review Working Group; to put forward items for discussion at the biannual meetings with the Cabinet; and acts as a forum for sharing scrutiny good practice.	A common theme across all local authorities is the challenge to increase public participation in Scrutiny. We will continue to promote Scrutiny through its Communication Plan. Members further promoting Scrutiny themselves was agreed as part of self-assessment workshops. Member participation in Scrutiny committees is being monitored and a pro-active approach by officers to encourage participation is being undertaken.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Financial Admin (s.151 Officer)	The Director of Corporate Services is the responsible officer for the administration of the Authority's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the County Council. CIPFA have published a detailed account of the S151 officers' role in Local Government – CIPFA S151. The Financial Services Division provides support to Departments and co-ordinates and supports the budget preparation and financial monitoring process. The Authority operates to a defined set of Financial Procedure Rules and Contract Procedure Rules which are maintained by the Corporate Services Department, with any amendments approved by the Governance and Audit Committee.	Internal Audit's overall opinion reported in July 2023 to the Governance and Audit Committee: The Authority has an ACCEPTABLE control environment in operation. Financial Procedure Rules and Corporate Procurement Rules are regularly reviewed and updated when appropriate. The Council's Financial Procedure Rules went to Governance and Audit Committee in July 2022 and Schools Financial Procedure Rules were subsequently approved in July 2025. Corporate Procurement Rules went to Governance and Audit Committee in September 2023. In September 2025, Audit Wales issued an unqualified audit report in respect of our 2025/26 Statement of Accounts. During the year, Carmarthenshire continued to provide the S151 Officer as well as financial support functions to the Swansea Bay City Region, the South West Wales Corporate Joint Committee and the Wales Pension Partnership, including the creation of the Wales Pension Partnership Investment Management Company.	1. Whilst the Local Authority was able to meet our own goal of completing the draft accounts by the end of June, and audit completion by the end of September, this was challenging to deliver. It is now required (under guidance issued by Audit Wales) that draft accounts preparation and audited accounts signoff should be 30th June and 30th September respectively. We need to ensure that we continue to deliver against these deadlines – this includes the desktop valuation of the majority of property assets. In particular, the 2025/26 accounts preparation need to reflect improvements in respect of lease accounting data as well as new property indexation requirements. 2. The scores from our residents' survey suggest that more work is needed either to engage residents to understand how the council uses financial resources, and to seek their views on what or how we could do better. 3. Medium-Term Financial Planning - need to do further work on aligning with Transformation Strategy, Corporate Risks and Corporate Strategy.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Dyfed Pension Fund Committee	Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Committee comprises of three County Council Members plus a nominated substitute to act in the absence of a member. The Pension Fund Committee has the following responsibilities: To review the performance of the Dyfed Pension Fund, decide on the strategic direction of all matters relating to the investment of the Fund and monitor all aspects of the investment function and to determine on Administering Authority Pension Fund matters.	- There has been sustained high levels of engagement related to climate change as well as other ESG matters including Israel/Palestine, which the fund has continued to engage in with various organisations. The fund has recognised climate related risk within its investment performance and established a responsible investment policy. Collaborative working between the 8 Welsh LGPS funds during the year has successfully met the timescales and deliver against legislative requirements imposed by the “fit for the future” pension changes.	The final Legislation was passed by Westminster in April 2026. The priorities for 2026/27 will be: Overseeing and supporting the operations of the newly formed Investment Management company Implementing necessary changes to governance within the staffing and oversight of the Dyfed Pension fund required by legislation.
The City Deal	On the 29th of August 2018 Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea signed an Agreement for the establishment of a Joint Committee for the Swansea Bay City Region. The first meeting of the Joint Committee was held on the 30th of August 2018. Carmarthenshire is the Accountable Body for the City Deal function.	The Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating, the third consecutive Amber-Green rating, indicating that the Portfolio is in good shape and indications are that successful delivery appears probable. The Portfolio continues to make progress under the leadership of a strong SRO and Portfolio Director. The Portfolio continues to exercise good disciplines and work well with the individual SROs across the multiple partners in a quest to capitalise on the opportunities SBCD presents to the region.	The Welsh Cities and Growth Implementation Board were very complimentary in respect of the progress the Swansea Bay City Deal has made and acknowledged that the Portfolio is in full delivery, well managed and making good progress. The Conclusions from the reports and reviews noted above will strengthen governance arrangements, internal process and support best practise to ensure the successful the delivery of programmes and projects.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	The Joint Committee is made up of the Leaders of the four regional Authorities and one non-voting, co-opted member each from the Hywel Dda University Health Board, Swansea Bay University Health Board, Swansea University and the University of Wales Trinity Saint David. A Joint Scrutiny Committee has also been formed, with the scrutiny function being administered by Neath Port Talbot County Borough Council. A portfolio of nine programmes and projects has been approved under the Swansea Bay City Deal – three of which are delivered regionally.	There is a need to keep all parts of the Portfolio strategically relevant in enabling, contributing to, or delivering directly the Outcomes and Benefits intended. The Review Team made four recommendations to the Portfolio SRO to ensure that the portfolio is positioned for effective management and delivery. Communications regarding strategic intent, benefits management, governance (in terms of the alignment with the CJC) and maximising value from dependencies and opportunities, particularly in relation to the private sector. -The internal audit report has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives.	As the portfolio is now well into its delivery phase, there is an emphasis on benefits realisation, change management process, risk management and maximising the impact of the SBCD across the region. Recommendations will be reviewed and implemented within portfolio management, governance and control activities and monitored in line with governance arrangements. We are in the process of carrying out a review on regional governance structures in southwest and how best to align current structures between the City Deal and Corporate Joint Committees (CJC)

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Partneriaeth	The Joint Committee between Carmarthenshire, Swansea, and Pembrokeshire – "Partneriaeth" - has been established, and the relevant staff transferred from the predecessor ERW to Partneriaeth. This framework delivers some of the objectives that were previously being provided by ERW namely professional development of the school workforce and the design and development of a new curriculum.	The Cabinet considered a report which sought approval to transfer from the Partneriaeth Legal Agreement to a new collaboration agreement for regional education workforce.	Continue to apply governance arrangements reflected in the Collaboration Agreement which came into force on 01/04/25.
School Finances and Childrens & Family Services	<u>Schools</u> School finances are governed by the Local Management of Schools system, which delegates financial management responsibilities to individual schools. Overall school funding is allocated according to the fair funding formula. School finances are governed by the Local Management of Schools system, which delegates financial management responsibilities to individual schools. Overall school funding is allocated according to the fair funding formula.	During the year, budget monitoring identified significant overspends within schools as well as children's and family services both by value as well as on a proportional basis. Monitoring was through the corporate reporting process, and additional reporting was put in place through the Corporate Management team, Scrutiny function, with the Governance and Audit Committee holding two dedicated workshops focussing on budgetary controls and drivers behind the areas of overspend. Schools with the largest in year overspends have been provided with targeted support. Whilst the overall corporate position has improved at the end of the financial year, there remained significant overspends across a number of different services and in particular schools. Aggregate school	In respect of budgetary overspends, continued close monitoring through existing governance structures is required, with further support and intervention needed both to address both structural budgetary issues as well as overspends in individual areas and schools.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
		balances were in deficit by more than £9m at 31st March 2025. This trajectory is clearly unsustainable and highlights the importance of tackling the underlying issues urgently to ensure a financially viable education system moving forward.	
	<u>Childrens and Family Services</u> Childrens and Family services finances are governed by Corporate budget setting and budget monitoring processes. It is recognised as a service area which is heavily demand led and subject to fluctuations. An evaluation of service pressures is included as part of the budget setting process, Budget monitoring is carried our by service managers, supported by finance. This includes demand driven KPIs including in particular tracking of residential placements which are the most significant cause of expenditure increases.	The Director of Homes and Safer Communities chairs a children's services officers board charged with overseeing the implementation of an agreed improvement plan. Agency staffing, both in residential homes, as well as Agency social workers, has been reduced and stabilised, expenditure on Asylum seeker children is now managed within available Home Office funding. However there has been a further increase in the number of residential placements. This is due to a combination of complexity of need as well as in some cases, no suitable fostering placement available, leaving residential as the only option at least in the short term. The 2026/27 budget setting process took account of both schools and childrens services pressures – with no budget reductions to schools, additional £2m funding to support pressures in residential placements for children, as well as an additional £2m contingency funding at a corporate level.	

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
		The 2025/26 overspend on childrens services was c. £4m, despite additional pressures funding of £10m over recent years. This is primarily driven by a significant increase in the number of residential placements, action is required to stabilise this area of need as much as possible through targeted preventative interventions.	

G – Good transparency and accountability

Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Governance and Audit, Standards, and Democratic Services Committees	The Governance and Audit Committee is a key component of Corporate Governance, meeting throughout the year and providing a source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial as well as non-financial performance. The Governance and Audit Committee also has delegated responsibilities for approving the Authority's Statement of Accounts. The Standards Committee (which includes many lay persons) promotes high standards of conduct for Members as well as maintaining an overview of the Authority's processes for complaints handling and its Whistleblowing Procedure.	During 2025/26, appointments were confirmed for two new lay members to fill the current vacancies within the Committee, the members were appointed by full Council on 28th January 2026. - The Governance and Audit Committee held a Self-Assessment session in December 2025. An action plan was devised and agreed, and is currently being progressed One of the actions agreed related to the need for a skills assessment to be undertaken of the Committee members, to establish any areas which may benefit from further training and development; the results of this assessment, which is currently being undertaken, will feed into the Committee's training plan.	1. The Governance and Audit Committee should ensure all actions on the self-assessment action plan are progressed and implemented, as required. 2. Training & Development Plan to be developed and agreed upon, following analysis of completed skills assessment

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	The Authority also has a Democratic Services Committee (5 Elected Members) and a statutory designated Head of Democratic Services. The Committee's terms of reference as set by the Authority include securing the provision of reasonable training and development opportunities for Members, appointing a Member Development Champion and promoting and supporting good governance.	A workshop/training session was held during December 2025 for the Governance and Audit Committee members on the new Global Internal Audit Standards (GIAS) in the UK Public Sector. The new standards came into force on 1st April 2025; as a result, the Internal Audit Charter has been updated to reflect the changes, and a new Strategy has been developed in line with the requirements of the new Standards; the Governance & Audit Committee has reviewed and approved both documents.	

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Internal Audit	The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Authority gains assurance. Internal audit arrangements conform to the requirements of the **Global Internal Audit Standards (GIAS)** in the UK public sector and the **CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025).** As required by the Standards, the Head of Internal Audit prepares an annual report for consideration by the Governance and Audit Committee. The format of the Annual Report complies with the requirements of the Code of Practice. • **Independence & Reporting:** Internal Audit operates independently of management and reports directly to the Governance and Audit Committee. The Chief Audit Executive has unrestricted access to senior officers and the Committee Chair, ensuring objectivity. • **Mandate & Charter:** The function’s authority is defined in the Internal Audit Charter, approved in March 2025. It outlines Internal Audit’s role in	-Strategic and Annual Audit Plans presented to the Governance and Audit Committee in the March meetings. Quarterly updates are provided on the work carried out, and the Annual Report is presented every July. -Actions to deliver recommendations made in the most recent External Quality Assessment (published 2022/23) have all been completed. - The GIAS in the UK Public Sector were introduced in April 2025; the Internal Audit team has proactively embraced the introduction of the new Standards. The team has undertaken in-house workshops, shared learning and practical insights, and systematically reviewed and updated working papers, templates and methodologies. These actions have ensured that Internal Audit practices are aligned with the requirements of the GIAS and that audit processes remain current, robust and compliant.	1. Review the appropriateness and effectiveness of the current suite of performance indicators, giving due consideration to the content of the new GIAS in the UK Public Sector to ensure compliance and also with the aim of assisting the service in becoming more efficient and effective. 2. Review the results of client feedback surveys to assist service improvement. 3. Periodically monitor the Internal Audit approach to ensure it continues to align with the requirements of the GIAS in the UK Public Sector.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	providing assurance on governance, risk, and control. • **Resources:** Audit resources are reviewed annually to ensure sufficient capacity and capability. Any constraints are escalated and addressed through governance channels. • **Audit Committee Oversight:** The Governance and Audit Committee approves the Internal Audit Strategy and plan, receives regular progress reports, meets privately with the Chief Audit Executive, and reviews internal and external quality assessments. • **External Quality Assessment (EQA):** An EQA is commissioned at least every five years. The latest confirmed conformance with required standards (then the Public Sector Internal Audit Standards) and the CIPFA Code. The Committee monitors implementation of any recommendations. The Council is satisfied that its internal audit arrangements are effective, independent, and compliant with professional standards, providing robust assurance on governance, risk management, and internal control.		

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	The Authority maintains an effective Internal Audit function. The Strategic and Annual Audit Plans are approved by Governance and Audit Committee annually and regular reports are made to the Governance and Audit Committee throughout the year on progress and any significant weaknesses identified. In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work. Action plan responses to Internal Audit reviews are entered into the Council's Performance Information Monitoring System (PIMS) and progress is updated quarterly by responsible officers.		
External Regulators	Services are reviewed during the year by external regulators, such as Estyn, CIW and Audit Wales (formerly Wales Audit Office). The subsequent reports are actioned accordingly. Each year Audit Wales, as External Auditor to the Authority complete work to meet the Audit of Accounts, Value for Money, Continuous Improvement, and Sustainable development principle.	- We track Audit Wales and Care Inspectorate Wales National and Local Regulatory report recommendations and report on them quarterly. - We also submit an annual report on Audit Wales recommendations to the Governance and Audit Committee. - We expect all reports that are going to be reported to the Governance and Audit Committee to go via CMT.	1. To liaise with Audit Wales and other regulatory bodies on their local and national audit programmes. 2. Continue with annual meeting between regulators and Corporate Management Team. 3. GAC to continue to meet annually with Audit Wales in an informal capacity as part of on-going engagement.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
	We also maintain a log of regulatory reports and recommendations. The external regulatory reviews recommendations or proposals for improvement are entered into the Council's Performance Information Monitoring System and progress is reported quarterly on dashboards. An Annual Report is issued to the Governance and Audit Committee.	- During the year we have agreed that Estyn national report recommendations will be addressed by the newly created Focus Groups set up to support the future direction of Education Services in Carmarthenshire 2022 – 2032 key themes and high-level priorities.	
Information Assets	The Council's Chief Digital Officer acts as the Authority's Senior Information Risk Owner. A Cyber & Information Governance Group (CIGG) meets regularly to safeguard and secure the Authority's information. Minutes of these meetings are provided for consideration to the Corporate Management Team biannually. There are various safeguards in place to guard against the loss or release of personalised information, including staff training, corporate communications, relevant policies and procedures, a significant number of technical cyber and data protection capabilities, and numerous data protection protocols and procedures.	- The Authority employs A Cyber Security Manager, and a Cyber team, who advise on data security. We utilise external advisers and consultants from time to time to test and advise on the Authority's security arrangements. We employ a Data Protection Officer who advises on legal compliance and ensures that policies and procedures are in place and are being adhered to. In addition, we have annual CREST-certified ICT Health Check (ITHC) which is a comprehensive vulnerability assessment, backed by the UK government, that identifies potential security risks in ICT environments, ensuring compliance with standards. This is conducted as part of the Public Services Network (PSN) compliance. We also take part in cyber exercises run by.	1.The CymruSOC is designed to enhance cyber resilience for member bodies by providing a protective, virtual "cyber umbrella" that includes network monitoring, cyber-attack defence, and threat intelligence sharing. This involves setting up additional proactive monitoring and incident management expertise to complement the in-house team. Additionally, the CymruSOC provides 24/7 incident management expertise and out-of-hours services. 2.The WLGA Cyber Assessment Framework (CAF) is being implemented throughout 2026 across Welsh Local Authorities (LAs) to manage and improve their cyber security infrastructure. The framework includes four pillars that focus on various aspects of cyber security, and full implementation is expected by the end of December 2026. The CAF aims to

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
		the Welsh Government cyber resilience team. - In 2025/26, a total of 14 personal data breaches were reported and recorded. The SIRO, relevant Director and Head of Service received detailed reports on all these incidents, which were also reported to and discussed at meetings of the Cyber & Information Governance Group. Information on personal data breaches were reported and recorded. The SIRO, relevant Director and Head of Service received detailed reports on all these incidents, which were also reported to and discussed at meetings of the Cyber & Information Governance Group. Information on personal data breaches is also included in a bi-annual report to the Corporate Management Team. By comparison, 32 breaches were recorded for 2024/25. - Over the last year, the cyber security team dealt with 1078 security incidents. Of these, 22 required escalation or specialist investigation. No material impact to core services was recorded, reflecting the effectiveness of existing security controls and incident response processes. These figures do not include the thousands of attempts to bypass our security controls or the hundreds of	provide a comprehensive approach to managing cyber security risks, detecting cyber security events, and minimising the impact of cyber security incidents. The framework also involves thematic reviews conducted by Wales Audit to ensure thorough assessment and improvement of cyber security practices. 3. Breach reports will be added to the PIMS system to increase visibility within each service area. 4. We will continue to educate staff highlighting the potential that cybercrime is on the increase and by mandating cyber security awareness training for all staff. 5. We will continue to be a member of the regional WARP (Warning, Advice and Reporting Point) group. 6. We will ensure a robust approach to Cyber security and sustainable solutions are implemented for Information Governance and fulfil our statutory obligation under the Data Protection Act and ensure we are up to date with revisions in law being introduced in the UK.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
		phishing emails received, which have now become routine for the Cyber Security team to respond to. Maintaining and continuously building on these controls and processes is absolutely critical to counter existing and emerging threats which are evolving at an alarming pace with recent developments in threat actor capability through the use of AI, and geo-political tensions. Our attention is also very much on the supply chain and their own cyber resilience to ensure they have the tools in place to be able defend against and be able to recover from disruptions.	7. Further increase our use of the latest digital technology to further transform the services delivered by the Council. 8. Continue to hold cyber exercises to test the cyber incident response plan and report back to the CIGG group and CMT.
Review of Effectiveness	A review of the effectiveness of our Governance arrangements (including the system of Internal Control) is undertaken regularly by the Corporate Governance Group through its work. The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the Governance environment, the Head of Internal Audit's Annual Report and by comments made by the External Auditors (Audit Wales).	-The review draws on evidence and assurances from a range of areas including, but not limited to, Council, Cabinet and its members, Governance and Audit Committee, Internal/External Audit, and the Public Services Ombudsman for Wales. -Internal Audit view for 2024/25 assessed the process and supporting evidence for the Annual Governance Statement as high assurance. Annual Governance Statement produced timely in line with the closure timetable.	Continue to deliver the completion of the AGS to the closure of accounts timetable as it is included in the Statement of Accounts.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Council	The Council meets monthly and takes decisions on Council functions. Its meetings are held on a hybrid basis with members – and the public – given the choice of attending in person or online. Agendas are published at least 3 clear days in advance of meetings, and meetings are open to the public (subject to exemptions) and webcast. Minutes are published and are available to the Public.	- The adoption of hybrid meeting arrangements has continued to support the effective operation of the democratic process, enabling members to participate either in person or remotely. The provision of appropriate training and technology has ensured that all members are able to engage fully in meetings and decision making. -All our meetings are webcast, thus allowing the public to be able to hear and follow proceedings. In January 2024 the Council revised its Multi Locations Meetings Policy to included greater guidance on the use of cameras for remote attendees to maintain the integrity of the Authority's decision-making process and to reduce the opportunity for legal challenge in this regard.	At its Annual General Meeting held on 20th May 2026, changes were approved to amend the Council Procedure Rules, update the Members Code of Conduct and there were other consequential amendments.

Process	Means by which this is achieved:	How well are we progressing/have we progressed and how do we know:	Priorities/Challenges for 2026/27
Leadership/Cabinet and Cabinet Members	The Cabinet takes decisions on executive functions within the policy and budget framework set by the Council. The Agenda is published at least 3 clear days in advance of its meetings and meetings are held in public (subject to statutory exemptions) and webcast. Its Minutes are published, and its decisions are subject to call in by any 3 Council Members. The Authority normally meets with Town and Community Councils twice yearly in a formal Forum. The Cabinet Members have decision making powers in relation to their own portfolio areas. Their decisions are published and are subject to call in by the relevant Scrutiny Committees.	- Cabinet meets formally every two weeks. Scrutiny Committee has call-in rights; no call-ins were made during 2025/26 -All Cabinet meetings are webcast, thus allowing the public to be able to hear and follow proceedings. The public are also allowed to ask questions, on notice, at Cabinet meetings. -Cabinet Member decision meetings are held on a bi-monthly basis, with the agendas and decisions published on the Council's website.	1. We will continue to encourage public participation, in accordance with our Public Participation Strategy. 2. We will continue to publish agendas and decisions, in accordance with legal requirements.

A Forward Look and Action Plan: Challenges and Priorities

In summary:

Achievements

The Corporate Governance arrangements of the Council have continued to operate effectively during 2025/26, supported by a sound system of internal control and a high level of assurance from Internal Audit, with no fundamental control weaknesses identified. Arrangements aligned to the principles of **integrity, ethical values and the rule of law (Principle A)** and **openness and stakeholder engagement (Principle B)** have been maintained, ensuring high standards of conduct and transparent decision making. Governance, performance and strategic planning arrangements have remained well aligned, supporting the Council's ability **to define and deliver sustainable outcomes (Principle C)** and achieve its intended objectives (Principle D). Risk management, internal control and financial management arrangements (Principle F) have continued to operate effectively, while workforce capacity and leadership arrangements (Principle E) have supported organisational resilience. Robust reporting and oversight arrangements (Principle G) have ensured effective accountability across the Authority.

Improvements

During the year, the Council has made further improvements to its governance arrangements in line with the principles of **continuous improvement, informed decision making and effective engagement**. This includes strengthening arrangements for **openness and engagement (Principle B**) through enhanced communication and complaints management, alongside continued development of performance and data capabilities to better support the **definition and delivery of outcomes (Principle C).** Performance management and reporting arrangements (Principle D) have been enhanced, supported by progress in the Corporate Data Suite. Risk management arrangements (Principle F) have been updated and further embedded, including enhanced approaches to risk appetite, risk assessment and horizon scanning. Workforce planning and organisational development (Principle E) have been strengthened, while improvements to information governance, transparency and reporting (Principle G) have further supported accountability and stakeholder confidence.

Focus for the Next Financial Year

During 2026/27, the Council will build on this progress with a focus on further embedding its governance arrangements in line with the principles of **robust risk management, effective performance and strong accountability**. Priorities include strengthening the integration of risk, performance and financial planning (Principle F) to support informed decision making and long term sustainability, alongside the continued development and embedding of the Council's risk management framework, including consistent application of risk appetite and enhanced horizon scanning. The Council will continue to develop data driven decision making to support the **definition and delivery of outcomes (Principle C)** and strengthen performance management arrangements (Principle D). A continued focus will be placed on workforce capacity and organisational resilience (Principle E), as well as improving transparency and stakeholder engagement (Principle B). Ongoing enhancement of cyber security and information governance arrangements will support strong **accountability and transparency (Principle G)**, ensuring that governance arrangements remain responsive and capable of delivering sustainable outcomes.

We propose over the coming year to take steps to address the Governance issues that need to be considered and addressed during the next 12 months to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 1, along with outstanding actions from previous years which are summarised in Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

The UK political system is undergoing a period of significant change, with significant disruption to traditional two party politics. For the first time, all three devolved nations have Nationalist governments, with the first change in party in Wales since devolution. With Local Government elections across Wales due to take place in May 2027, it is more important than even to ensure that our governance structures are robust, ensuring transparency and accountability as we continue to deliver services for Carmarthenshire.

APPENDIX 1

Governance Issues Identified in 2025/26 Annual Governance Statement				
Ref	**Issue**	**Responsible officer**	**Actions /Progress**	**Status**
A: Integrity & Values				
AGS 2025/2026 – 1	Maintain high standards of ethical governance	Monitoring Officer	Continue cyclical review of the Constitution; reinforce Codes of Conduct through guidance and training; maintain oversight of standards, declarations of interest and whistleblowing arrangements, reporting outcomes through Governance & Audit Committee	Ongoing
B: Openness & Engagement				
AGS 2025/2026 – 2	Enhance stakeholder engagement and participation arrangements	Corporate Policy & Partnership Manager	Embed the Involvement Strategy across services; map engagement activity; improve use of consultation outputs in decision-making; report outcomes through performance arrangements	Ongoing
AGS 2025/2026 – 3	Improve transparency of performance and financial information	Corporate Policy & Partnership Manager / Head of Financial Services	Enhance public-facing performance and financial reporting; strengthen linkage to service delivery; align communications to Corporate Strategy; monitor impact via feedback	In Progress
C: Making a Difference				
AGS 2025/2026 – 4	Strengthen data-driven decision-making	Corporate Policy & Partnership Manager	Progress Corporate Data Suite development; expand data integration; improve dashboards; embed in business planning	In Progress
AGS 2025/2026 – 5	Improve alignment with well-being objectives	Corporate Policy & Partnership Manager	Strengthen links between Corporate Strategy and performance reporting; enhance use of insight and benchmarking	Ongoing

Governance Issues Identified in 2025/26 Annual Governance Statement				
Ref	**Issue**	**Responsible officer**	**Actions /Progress**	**Status**
D: Making sure we achieve what we set out to do				
AGS 2025/2026 – 6	Enhance performance management arrangements	Corporate Policy & Partnership Manager	Refresh Performance Management Framework; develop integrated reporting; strengthen challenge arrangements	Ongoing
AGS 2025/2026 – 7	Implement Panel Performance Assessment actions	Corporate Policy & Partnership Manager	Deliver and monitor PPA recommendations; track via PIMS; embed learning into planning	In Progress
E: Valuing our people				
AGS 2025/2026 – 8	Strengthen workforce planning and capacity	Assistant Chief Executive (People Management)	Embed workforce planning within business planning; align with transformation priorities; monitor capacity risks	Ongoing
AGS 2025/2026 – 9	Improve workforce data and insight	Assistant Chief Executive (People Management)	Develop workforce dashboards; improve use of metrics to support planning and decision-making	In Progress
C: Making a Difference				
AGS 2025/2026 – 10	Embed risk management framework and risk appetite	Head of Revenues & Financial Compliance	Strengthen application of Corporate Risk Appetite; align risk, performance and financial planning	In Progress
AGS 2025/2026 – 11	Enhance horizon scanning	Head of Revenues & Financial Compliance	Embed horizon scanning within management processes; ensure emerging risks inform planning	Ongoing

Governance Issues Identified in 2025/26 Annual Governance Statement				
Ref	**Issue**	**Responsible officer**	**Actions /Progress**	**Status**
AGS 2025/2026 – 12	Improve risk reporting	Head of Revenues & Financial Compliance	Enhance Corporate Risk Register and integrated reporting; maintain committee oversight	Ongoing
AGS 2025/2026 – 13	Strengthen financial planning	Head of Financial Services	Enhance Medium-Term Financial Planning; align with Corporate Strategy; maintain monitoring of high-risk areas	In Progress
G: Transparency & Accountability				
AGS 2025/2026 – 14	Strengthen cyber security	Chief Digital Officer	Implement Cyber Assessment Framework; enhance resilience and incident response; strengthen data protection	In Progress

APPENDIX 2

Outstanding Governance Issues Identified in Previous Annual Governance Statements					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**	**Status**	**Update**
AGS 2020/21 No.2 PIMS Ref: 19560	Implement The Local Government and Elections (Wales) Act requirements.	Monitoring officer	All performance and governance elements now embedded into on-going Council practice and arrangements.	Elections and governance requirements have been fully complied with in accordance with the legislation.	The Council approved its Public Participation Strategy at its meeting held on the 9th February 2022. A Petition Scheme was approved by Council at its meeting held on the 9th February 2022 and is regularly reviewed. For example changes were recommended at the annual meeting of CRWG in 2025. The Corporate Joint Committee has been established and all powers were delegated to the South West Wales Corporate Joint Committee by Council at its meeting on 10th December 2025. The Council continues to webcast all public meetings and the majority of meetings are now held on a hybrid basis .
AGS 2021/22 No.12 PIMS Ref: 19557 19574	Review the Governance arrangements for both Local Authority Trading Companies (LATC) with a view to aligning the arrangements and clarifying the roles of Members and	Director of Corporate Services Head of Law, Governance and Civil Services	Monitoring Officer review carried out and completed. Report is being finalised. CWM taking a governance review report to the CWM Board.	Commenced Update: Monitoring Officer Governance update review carried out and completed. Report is being finalised. CWM has taken a governance review report	Report being considered by CMT and Cabinet in due course.

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
	Scrutiny Committees in relation to the LATCs			to the CWM Board. – Cwm action Complete	
			Valuing our people: engaging, leading & supporting		
AGS 2023/24 No.8 PIMS Ref: 19550	Safeguarding - Finalise Volunteer policy and database	Assistant Chief Executive	December 2024	Volunteer policy completed. A number of options are being investigated in relation to establishing a database of volunteers across the Authority. A small team overseen by the Workforce Safeguarding group is looking at how this can be rolled out across the Council including schools.	Report agreed at Corporate Safeguarding Board. Further work underway to present options for agreement at CMT.
AGS 2023/24 No.9 PIMS Ref: 19549	Further develop the workforce data via performance dashboard	Assistant Chief Executive	December 2024	Data is already available and a workforce performance dashboard is in first phase of development.	Work is underway. All the relevant measures to be included in a dashboard have been identified. Work is now underway to build the relevant dashboard with support from the Transformation Team and colleagues working in our Digital team.

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
Valuing our people: engaging, leading & supporting					
AGS 2023/24 No.10 PIMS Ref: Part 1& 2 19570	To ensure the requirements of the Social Partnership and Public Procurement (Wales) Act 2023 are embedded as appropriate across the Council:	Part 1 & 2: Assistant Chief Executive (People Management)	March 2025	Part 1 The Social Partnership Council is a statutory body which brings together government, employer and trade union representatives to advise Ministers on matters relating to social partnership, fair work and procurement. Part 2: Social Partnership & Sustainable Development. A legal duty has been placed on public bodies to **seek consensus or compromise with recognised trade unions** when: • **Setting well-being objectives** • **Taking action to meet those objectives** This duty is tied to the in the Well-being of Future Generations Act.	Part 1: Earlier in 2026, the Council submitted to the Social Partnership Council, as part of the Council's Annual Report for 2024/25, its first Social Partnership Annual Report. The report was agreed with the Council's recognised trade unions (teaching and NJC) and its submission ensured compliance with the requirements of the Social Partnership Duty. Part 2: As part of the Annual Performance Survey that is issued to the Council's recognised Trade Unions additional questions specific to working in social partnership were, for the first time, included. Analysis of the survey responses has identified 3 key areas for consideration and development. These being the formulation of a co-produced Social Partnership Strategy, the potential for establishing a Corporate Social Partnership Forum and future consultation and engagement on the Council's performance requirements. Consultation with the recognised Trade Unions in relation to these key areas will be ongoing with a view to reaching agreement during 2026/27.

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
Part 3 19571	Part 1: The Social Partnership Council Part 2: Social Partnership & Sustainable Development Part 3: Socially responsible public procurement	Part 3: Head of Revenues and Financial Compliance	March 2025	Part 3: The Social Partnership and Public Procurement (Wales) Act 2023 became law in Wales on 24 May 2023. Certain provisions of the Act are due to come into force when the Welsh Ministers make one or more commencement orders. It is anticipated that Part 3 of the Social Partnership and Public Procurement Act, which focuses on socially responsible public procurement will commence in Autumn 2025 at the earliest. March 2026 update: Part 3 of the Social Partnership and Public Procurement (Wales) Act 2023 is now entering into force, with the remaining provisions commencing on 25 March 2026 and annual reporting requirements from 1 April 2026. Consultations on the draft Social Public Works Clauses and statutory guidance closed in January 2026 and responses are currently being reviewed by Welsh Government.	Part 3: Preparations are under way to comply with the new Act's requirements. March 2026 update: Work is underway to prepare the Council's socially responsible procurement objectives, and officers have engaged with regional local authorities to share learning and support consistent implementation. Activity has therefore moved from preparation into an implementation and compliance phase, including governance, contract clause application, transparency and reporting arrangements.

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
Good transparency & accountability					
AGS 2023/24 No.13 PIMS Ref: 19545	Ensure a robust approach applied to Cyber security and sustainable solutions are implemented for Information Governance.	Chief Digital Officer	March2026	We have ensured a robust approach to Cyber security by implementing comprehensive measures to protect our digital infrastructure and sensitive information. Our Cyber Security Stocktake highlights the significant work done to build resilience into our infrastructure, including the development of Disaster Recovery and Cyber Incident Response Plans, and a robust backup strategy. In terms of sustainable solutions for Information Governance, we have continued to educate staff on the importance of data protection, cyber hygiene, and secure password practices. We have mandated Data protection and cyber security awareness training for all staff and continue to hold cyber exercises to test our incident response plans. Our Cyber and Information Governance group plays a crucial role in ensuring compliance with all relevant legislation, managing data securely and efficiently, and protecting the Council and its employees. We have also participated in Cyber Simulation exercises to enhance our cyber	We have continued to strengthen the Council’s approach to cyber security and information governance, building on earlier foundations and moving towards a more mature, assured position. Our cyber security resilience has been enhanced through the continued development and testing of Disaster Recovery and Cyber Incident Response Plans, with a strong focus on critical systems and services. These arrangements are now being actively tested through simulated incidents, continuity exercises, and post incident reviews to ensure they are effective and understood. Backup and recovery assurance has also been strengthened, including targeted testing for high risk systems. We have continued to participate in regional and national cyber exercises and briefings, including NCSC led activity and election related cyber assurance, helping to raise organisational awareness of

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
				resilience and maturity. The Cymru Security Operations Centre, which we are currently joining, offers a centralised and coordinated approach to cybersecurity, providing member organisations across the Welsh public sector with a robust defence against cyber threats. Lastly, the Cyber Assessment Framework (CAF), which we are currently implementing, helps us assess and improve our cyber security practices.	emerging threats and reinforce leadership accountability for cyber risk and service continuity. Onboarding to the Cymru Security Operations Centre (SOC) is complete, providing enhanced shared threat monitoring and incident detection across the Welsh public sector. Implementation of the Cyber Assessment Framework (CAF) has progressed during this period, with increased focus on detection, response, and recovery maturity. CAF is now being used as a structured roadmap to prioritise improvements and demonstrate ongoing progress following Audit Wales findings. Alongside this, we have continued to embed sustainable information governance practices, supported mandatory data protection and cyber security training for all staff, improved monitoring of completion, and the development of targeted guidance for higher risk roles. Awareness activity, phishing

Update on Governance Issues Identified in 2023/24 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
					exercises, and service level engagement continue to reinforce good cyber hygiene and data protection practice. The Cyber and Information Governance Group continues to provide effective oversight, ensuring compliance with legislation, supporting audit actions, reviewing incidents, and driving continuous improvement across cyber security and information governance. Overall, these actions demonstrate continued progress in embedding cyber security and information governance as core organisational responsibilities, with improved assurance, resilience, and sustainability.

Update on Governance Issues Identified in 2024/25 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
			B: Openness & Engagement		
AGS 2024/25 No.2 PIMS 19555	Develop and improve the way in which performance information is shared.	Corporate Policy & Partnership Manager	March 2026	Work within and across services being undertaken to ensure increased understanding across the Council of key performance issues and pressures. Quarterly observations reports continue to be well-received, and work continues to enhance the breadth of information included. There has been a particular focus on the further inclusion of information on service-user perspective. In terms of public facing information - Data Insight & Performance Manager will work closely with Marketing & Media colleagues over the coming months to ensure that appropriate performance information is included within relevant articles included in public-facing newsletters.	This will be supported by activity aligned to the Council's Involvement Strategy. Work to review the public facing performance management pages continues with updates planned for the coming months to align with the update of the Performance Management Framework. Good progress is being made in terms of visualisation and presentation of data through the annual report and website content. This work will be on-going but approach now well embedded with focus on ensuring performance information is shared in a meaningful way. Dashboard developments are underway to ensure that key performance information is available internally to query in real-time and in an integrated way. This will increase the understanding of key performance issues and pressures across the Council.

Update on Governance Issues Identified in 2024/25 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
C: Making a Difference / D: Making sure we achieve what we set out to do					
AGS 2024/25 No.3 PIMS 19551	Further develop the Council Corporate Data Suite for use to support performance management against the Corporate Strategy and key policy areas	Corporate Policy & Partnership Manager	Sept 2025 Updated: March 2026	Phase 1 of Corporate Data Suite development complete.	Following appointment of Strategic Performance Manager phase 2 currently in progress with a focus on ensuring that the information contained supports monitoring against our Corporate Strategy and other key policy areas. Progress has been delayed due to staff capacity, but work is now progressing and an updated data suite will be available by June 2026 for further consideration and development. Initial testing of updated data suite to be undertaken in June 2026 with feedback on content, look and useability to inform next steps
D: Making sure we achieve what we set out to do					
AGS 2024/25 No.6 PIMS Ref: 19565	Host and respond to the findings of the Carmarthenshire Panel Performance Assessment	Corporate Policy & Partnership Manager	March 2026	Panel Performance Assessment facilitated in June 2025 with final report received. Carmarthenshire PPA was held 10-13 June 2025. Final report was received in September and the Council prepared its response to the recommendations. The report and response were considered by Governance & Audit Committee in December 2025 before being approved by Cabinet in January 2026 and Full Council in February 2026.	Cabinet will receive progress reports against the recommendations and activity is being monitored through PIMS.

Update on Governance Issues Identified in 2024/25 Annual Governance Statement					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
F: Managing risk, performance & finance					
AGS 2024/25 No.7 PIMS Ref: 19564	Test business continuity plans.	Head of Revenues & Financial Compliance / Chief Digital Officer	March 2026	Mock cyber incidents carried out with a view to reviewing the adequacy of business continuity plans: • CMT / HoS – June 2025 • Communities' managers – July 2025 • Corporate Services DMT / SMT – September 2025 • Education Managers – November 2025 • Place Infrastructure & Economic Development Electoral Services	Chief Executive Department to be delivered. Moving forward a plan for a continuous exercise programme to be developed.
AGS 2024/25 No.8 PIMS Ref: 19563 19576 19577	Medium-Term Financial Planning - need to do further work on aligning with Transformation Strategy and Corporate Strategy	Head of Financial Services / Corporate Policy & Partnership Manager / Director of Corporate Services	March 2026	Key recommendation from PPA report. Development plan in place and aiming to develop Medium-term financial strategy by March 2026 with further ongoing work on reviewing the Transformation Strategy and Corporate Strategy to follow leading up to 2027.	Progress has been delayed but Head of Financial Services and Corporate Policy & Performance Manager now progressing with view to have first draft in place by September 2026. Links with Transformation and Corporate planning are well established and will be progressed in order to inform each other Timetable for development now in place.

APPENDIX 3

Governance issues – Actions Completed				
AGS 2021/22 No.1	Develop recruitment strategy and workforce plan alongside implementation of new recruitment software to ensure recruitment service can be streamlined and maintained.	People Services Manager	March 2023	Recruitment system is in place and all CCC recruiters have been brought on board. Some schools have not yet signed up so work is ongoing to encourage all to utilise the new system. No alternative system will be available after March 2025. Recruitment processes continue to be refined and training provided and consultation is commencing regarding the Council's future recruitment requirements and strategy. New recruitment system embedded and all recruiting managers (including schools) are on board. Recruitment Strategy has been agreed by CMT and Cabinet. The recruitment strategy will direct the priorities for recruitment for the next 2-3 years. Completed
AGS 2021/22 No.4	Develop an Engagement and Consultation plan for the local authority.	Media and Marketing Manager Corporate Policy, Performance & Partnership Manager	March 2023	Completed Council Involvement Strategy approved by Cabinet in April 2025.

Ref	Issue	Responsible officer	Actions /Progress		Status
Annual Governance Statement 2023/24 & 2024/25 - Governance Issues - Completed					
A: Integrity & Values					
AGS 2024/25 No.1	The Chair or Vice-Chair of the Standards committee should continue to attend meetings of the Forum and share best practice with the rest of the committee.	Monitoring officer	March 2026	The Chair (or Vice Chair) of the Standards Committee continue to attend these meetings and the agenda and minutes are shared with the members of the committee.	Complete – November 2025
D: Making sure we achieve what we set out to do					
AGS 2024/25 No.4 PIMS 19567	Continue to enhance the use of information and intelligence from a range of sources to inform quarterly Performance Management Monitoring Reports	Corporate Policy & Partnership Manager	March 2026	Focus on including wider spectrum of service-user perspective information.	Will be supported by activity related to Council's new 'Involvement Strategy'. Arrangements for preparation of quarterly performance observations reports now well established and continues to draw on a range of information and intelligence sources across the Council and other sources. Will be continually reviewed with a view to further develop as required. Has now become core business
AGS 2024/25 No.5 PIMS 19566	Develop the Corporate Data Suite to support the Corporate Strategy for 2022-2027 and key policy areas	Corporate Policy & Partnership Manager	March 2026	Phase 1 of Corporate Data Suite development complete.	Following appointment of Strategic Performance Manager, phase 2 currently in progress with a focus on ensuring that the information contained supports monitoring against our Corporate Strategy and other key policy areas. Note: This is already covered by Action 2024/25 No.3 – this action to be closed.

Annual Governance Statement 2023/24 & 2024/25 - Governance Issues - Completed					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
G: Good transparency & accountability					
AGS 2024/25 No.9	Review the effectiveness of the new performance indicators introduced in 2022/23 to ensure that the aim of assisting the service in becoming more efficient is delivered. Review the results of surveys to assist service improvement	Head of Revenues & Financial Compliance	Dec 2025	Indicators established and now embedded. Reported quarterly through PIMS. Included in Internal Audit Annual Report to G&AC.	COMPLETED
AGS 2024/25 No.10	Ensure Internal Audit is adhering to and complying with the new Global Internal Audit Standards in the UK Public Sector, which replaced the PSIAS, from 1 April 2025.	Head of Revenues & Financial Compliance	March 2026	Strategy drafted and approved by CMT and G&AC Internal Audit Charter updated and approved by CMT and G&AC Internal audit approach reviewed, and templates updated to include any identified areas that were excluded. Workshop arranged to G&AC to understand their role and to carry out their self-assessment in December 2025	COMPLETED

Annual Governance Statement 2023/24 & 2024/25 - Governance Issues - Completed					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
Openness & Engagement					
AGS 2023/24 No.3	Involvement strategy to be developed, with a view to making our consultations more effective.	Media & Marketing Corporate Policy & Partnership Manager	Jan 2025	Involvement Strategy drafted	Council Involvement Strategy approved by Cabinet in April 2025. COMPLETED – November 2025
AGS 2023/24 No.4	Develop and improve the way in which performance information is shared.	Corporate Policy & Partnership Manager	March 2025	On-going work within and across services being undertaken to ensure increased understanding across the Council of key performance issues and pressures. Work on public facing information has been limited due to staff capacity and resources to develop.	Quarterly observations reports continue to be well-received, and work continues to enhance the breadth of information included. There has been a particular focus on the further inclusion of information on service-user perspective. Work to review the public facing performance management pages continues with updates planned for the coming months. CLOSED – SUPERSEDED ABOVE BY AGS 2024/25 NO. 4
AGS 2023/24 No.5	Improve the use and monitoring of complaints information and intelligence to support learning and service improvement, for both Corporate and Social Care complaints.	Corporate Policy & Partnership Manager	March 2025	On-going work but monthly summaries on complaints data is now shared with Directors. Arrangements for corporate Complaints dashboard are nearing completion and will provide 'live' data for departments.	Complaints data dashboard has been completed. Appointment of Complaints Management Officer in June 2025 has seen focus on management of complaints and focus on response timescales. As a result, greater capacity within the team to analyse and prepare trend reports for services based on data and intelligence gleaned by the team. Completed.

Annual Governance Statement 2023/24 & 2024/25 - Governance Issues - Completed					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
				Quarterly performance reports to CMT provide overview of key complaints pressure areas and Service Design & Improvement Transformation Workstream will look to review complaints data on an on-going basis.	
AGS 2023/24 No.6	Ensure alignment of the Council's Communication Plan with the new Corporate Strategy and Well-being Objectives.	Corporate Policy & Partnership Manager Media & Marketing	Sept 2024	Work underway but further alignment required to ensure all opportunities are progressed in terms of performance and communications.	Data Insight & Performance Manager now attending Marketing & Media Forward Work Plan meetings to ensure further alignment and reference to Corporate Strategy and performance management information more generally in future Council communications. Completed.
Making a Difference					
AGS 2023/24 No.7	Introduce the Council Corporate Data Suite for use to support performance management against the Corporate Strategy and key policy areas	Corporate Policy & Partnership Manager	Sept 2024	Corporate Data Suite/Dashboard developed but limited use to date due to staff capacity and resource issues.	Further development planned once new Strategic Performance Manager is recruited. CLOSED – SUPERSEDED BY AGS 2024/25 NO. 5

Annual Governance Statement 2023/24 & 2024/25 - Governance Issues - Completed					
Ref	**Issue**	**Responsible officer**	**Actions /Progress**		**Status**
Managing risk, performance & finance					
AGS 2023/24 No.11	Continue to develop and improve on risk management arrangements, through reporting of risks.	Head of Revenues & Financial Compliance	March 2025	Reviewed and updated Risk Management strategy	Reported to CMT and G&AC March 2026. The action linked to the previous Audit Wales risk management recommendations is now closed. Audit Wales has confirmed that the recommendations in their most recent report replace those issued earlier. The updated recommendations have been added to PIMS for ongoing monitoring, and the earlier action has therefore been formally concluded

5 FINANCIAL STATEMENTS

The financial statements comprise the following:

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents and council tax) by local authorities in comparison with 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 the council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure statement.

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

5.3 MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the accounts to the amounts chargeable to council tax and dwelling rents for the year. The Net Increase/Decrease line shows the statutory Council Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

5.4 BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is that which the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

5.5 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

2025-26	Difference between Council Fund (CF) and Housing Revenue Account (HRA) (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (CIES) (Surplus)/Deficit		
	Net Expenditure Chargeable to the CF and HRA £'000	Total Adjustments £'000	Net Expenditure in the CIES £'000
Department			
Chief Executive	5,901	372	6,273
Education & Leisure	202,306	27,492	229,798
Corporate Services	22,898	18,863	41,761
Social Services & Housing	166,863	674	167,537
Place, Infrastructure & Economic Development	74,250	9,221	83,471
Housing Revenue Account	(11,090)	49,092	38,002
Insurance & Corporate	4,277	(3,617)	660
Net Cost of Services	465,405	102,097	567,502
Other Income & Expenditure	(467,392)	(49,076)	(516,468)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	**(1,987)**	**53,021**	**51,034**
Transfers to/(from) earmarked reserves	3,512		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	**1,525**		
CF & HRA Balance at 31st March 2025:	(28,191)		
(Surplus)/Deficit	1,525		
CF & HRA Balance at 31st March 2026:	**(26,666)**		

2024-25	Net £'000	Total £'000	Net £'000
Department			
Chief Executive	5,572	884	6,456
Education & Leisure*	188,351	41,022	229,373
Corporate Services	27,024	(1,640)	25,384
Social Services & Housing*	155,468	3,657	159,125
Place, Infrastructure & Economic Development*	72,177	26,316	98,493
Housing Revenue Account	(11,150)	21,447	10,297
Insurance & Corporate	12,449	(11,765)	684
Net Cost of Services	449,891	79,921	529,812
Other Income & Expenditure	(442,889)	(97,396)	(540,285)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	**7,002**	**(17,475)**	**(10,473)**
Transfers to/(from) earmarked reserves	(9,196)		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	**(2,194)**		
CF & HRA Balance at 31st March 2024:	(25,997)		
(Surplus)/Deficit	(2,194)		
CF & HRA Balance at 31st March 2025:	**(28,191)**		

* The 2024/25 figures have been restated to reflect the departmental changes that occurred during 2025/26.

See note 6.5 for Explanation of adjustments between Net expenditure chargeable to the CF and HRA and Net expenditure in the CIES.

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2024-25 Total Gross Expenditure £'000 (Restated)	2024-25 Total Gross Income £'000 (Restated)	2024-25 Total Net Expenditure £'000 (Restated)			2025-26 Total Gross Expenditure £'000	2025-26 Total Gross Income £'000	2025-26 Total Net Expenditure £'000
			Department				
10,598	(4,142)	6,456	Chief Executive		14,694	(8,421)	6,273
297,141	(67,768)	229,373	Education & Leisure*		294,748	(64,950)	229,798
62,536	(37,152)	25,384	Corporate Services		75,425	(33,664)	41,761
253,053	(93,928)	159,125	Social Services & Housing*		266,312	(98,775)	167,537
155,803	(57,310)	98,493	Place, Infrastructure & Economic Development*		139,384	(55,913)	83,471
63,925	(53,628)	10,297	Housing Revenue Account		92,701	(54,699)	38,002
682	2	684	Insurance & Corporate		659	1	660
843,738	**(313,926)**	**529,812**	**Net Cost of Services**		**883,923**	**(316,421)**	**567,502**
			Precepts and Levies:				
		152	Brecon Beacons National Park				160
		14,367	Mid & West Wales Fire Authority				15,185
		151	South West Wales Corporate Joint Committee				151
		8,656	Community Councils				9,729
		25,387	Dyfed Powys Police Authority				27,860
		(298)	(Gains)/losses on the disposal of non-current assets				345
		(136)	(Surpluses)/Deficits on Trading Activities not included in Net Cost of Services			Note 6.6	387
		48,279	**Other Operating Expenditure**				**53,817**
		16,661	Interest Payable and Similar Charges				16,874
		1,599	Net interest on the net defined benefit liability (asset)				1,937
		(5,837)	Interest and Investment Income				(2,673)
		1,004	Income and expenditure in relation to investment properties and changes in their fair value			Note 6.11	28,340
		13,427	**Financing and Investment (Income) and Expenditure**				**44,478**
		(281,597)	Revenue Support Grant			Note 6.35	(307,213)
		(9,178)	General Government Grants			Note 6.35	(1,399)
		(156,657)	Council Tax			Note 6.7	(173,097)
		(69,050)	Net Proceeds of Non-Domestic Rates			Note 6.8	(68,479)
		(85,509)	Capital Grants and Contributions			Note 6.35	(64,575)
		(601,991)	**Taxation and Non-specific Grant Income**				**(614,763)**
		(10,473)	**(Surplus)/Deficit on Provision of Services**				**51,034**
		(72,248)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets				20,265
		(967)	Remeasurement of the net defined benefit liability/(asset)				7,245
		(73,215)	**Other Comprehensive (Income) and Expenditure**				**27,510**
		(83,688)	**Total Comprehensive (Income) and Expenditure**				**78,544**

* The 2024/25 figures have been restated to reflect the departmental changes that occurred during 2025/26.

5.3 MOVEMENT IN RESERVES STATEMENT

	Council Fund Balance	Earmarked Council Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USABLE RESERVES	Unusable Reserves	TOTAL AUTHORITY RESERVES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	**(14,001)**	**(135,481)**	**(11,996)**	**(15,655)**	**(15,015)**	**(192,148)**	**(1,273,798)**	**(1,465,946)**
Adjustments on transition to new accounting arrangements for leases	**(1,482)**	**0**	**0**	**0**	**0**	**(1,482)**	**0**	**(1,482)**
Transitional adjustments between accounting basis and funding basis	**1,482**	**0**	**0**	**0**	**0**	**1,482**	**(1,482)**	**0**
Balance at 31 March 2024	**(14,001)**	**(135,481)**	**(11,996)**	**(15,655)**	**(15,015)**	**(192,148)**	**(1,275,280)**	**(1,467,428)**
Movement in reserves during 2024/25								
(Surplus) or deficit on the provision of services	(13,795)	0	3,322	0	0	(10,473)	0	**(10,473)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(73,215)	**(73,215)**
Total Comprehensive Income and Expenditure	**(13,795)**	**0**	**3,322**	**0**	**0**	**(10,473)**	**(73,215)**	**(83,688)**
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	17,402	0	73	3,422	(8,408)	12,489	(12,489)	**0**
Net (Increase)/Decrease	**3,607**	**0**	**3,395**	**3,422**	**(8,408)**	**2,016**	**(85,704)**	**(83,688)**
Transfers to/(from) Earmarked Reserves(Note 6.22)	(6,858)	9,196	(2,338)	0	0	0	0	0
(Increase)/Decrease in Year	**(3,251)**	**9,196**	**1,057**	**3,422**	**(8,408)**	**2,016**	**(85,704)**	**(83,688)**
Balance at 31 March 2025	**(17,252)**	**(126,285)**	**(10,939)**	**(12,233)**	**(23,423)**	**(190,132)**	**(1,360,984)**	**(1,551,116)**

	Council Fund Balance £'000	Earmarked Council Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance at 31 March 2025	**(17,252)**	**(126,285)**	**(10,939)**	**(12,233)**	**(23,423)**	**(190,132)**	**(1,360,984)**	**(1,551,116)**
Movement in reserves during 2025/26								
(Surplus) or deficit on the provision of services	20,547	0	30,487	0	0	51,034	0	**51,034**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	27,510	**27,510**
Total Comprehensive Income and Expenditure	**20,547**	**0**	**30,487**	**0**	**0**	**51,034**	**27,510**	**78,544**
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(27,079)	0	(25,942)	(887)	11,133	(42,775)	42,775	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(6,532)**	**0**	**4,545**	**(887)**	**11,133**	**8,259**	**70,285**	**78,544**
Transfers to/(from) Earmarked Reserves(Note 6.22)	8,287	(3,512)	(4,775)	0	0	0	0	0
(Increase)/Decrease in Year	**1,755**	**(3,512)**	**(230)**	**(887)**	**11,133**	**8,259**	**70,285**	**78,544**
Balance at 31 March 2026	**(15,497)**	**(129,797)**	**(11,169)**	**(13,120)**	**(12,290)**	**(181,873)**	**(1,290,699)**	**(1,472,572)**

5.4 BALANCE SHEET

31/03/25 £'000		Notes	£'000	31/03/26 £'000
1,638,300	Property, Plant & Equipment	6.9	1,556,762	
9,714	Right of Use Assets	6.39	5,895	
268,994	Infrastructure Assets	6.9	300,261	
2,607	Heritage Assets	6.10	2,724	
24,458	Investment Property	6.11	34,751	
1,009	Long Term Investments	6.12	929	
12,331	Long Term Debtors	6.13	18,650	
1,957,413	**Long Term Assets**			1,919,972
8,997	Short Term Investments	6.14	1,305	
1,455	Inventories	6.15	1,721	
134,735	Short Term Debtors	6.16	121,417	
14,472	Cash and Cash Equivalents	6.17	12,339	
159,659	**Current Assets**			136,782
(11,156)	Short Term Borrowing	6.18	(15,230)	
(107,518)	Short Term Creditors	6.19	(112,002)	
(1,058)	Provisions	6.20	(1,101)	
(119,732)	**Current Liabilities**			(128,333)
(357)	Provisions	6.20	(320)	
(407,239)	Long Term Borrowing	6.21	(421,438)	
(4,171)	Long Term Lease Liabilities	6.39	(1,450)	
(34,457)	Other Long Term Liabilities	6.42	(32,641)	
(446,224)	**Long Term Liabilities**			(455,849)
1,551,116	**Net Assets**			**1,472,572**
17,252	Council Fund		15,497	
10,939	Housing Revenue Account	7.2	11,169	
128,123	Earmarked Council Fund Reserves	6.22	139,358	
(1,838)	Council Fund Reserves Held by Schools under LMS	6.22	(9,561)	
12,233	Capital Receipts Reserve	6.23	13,120	
23,423	Capital Grants Unapplied	6.24	12,290	
190,132	**Usable Reserves**			181,873
616,456	Revaluation Reserve	6.25	577,295	
786,308	Capital Adjustment Account	6.26	752,340	
(496)	Financial Instruments Adjustment Account		(386)	
332	Deferred Capital Receipts Reserve		332	
(34,457)	Pensions Reserve	6.27	(32,641)	
(7,159)	Accumulated Absences Account	6.28	(6,241)	
1,360,984	**Unusable Reserves**			1,290,699
1,551,116	**Total Reserves**			**1,472,572**

5.5 CASH FLOW STATEMENT

2024-25 £'000	Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow	Note	2025-26 £'000
(10,473)	**Net (Surplus)/Deficit on the provision of services**	5.2	51,034
	Adjustments to net surplus or deficit on the provision of services for non-cash movements		
(61,008)	Depreciation		(61,564)
(39,181)	Impairment & downward valuations		(65,195)
(1,050)	Movement in market value of investment properties		(28,531)
(1,271)	Pension fund adjustments		9,061
(52)	Movement in provisions		(6)
(923)	Carrying amount of non-current assets sold		(1,872)
16,035	Movements in revenue debtors, creditors, inventories and other non cash movement		(8,044)
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
1,239	Proceeds from sale of property, plant and equipment, investment property and intangible assets		1,547
85,509	Capital Grants		64,575
(11,175)	**Net cash flow from operating activities**		**(38,995)**
	INVESTING ACTIVITIES		
126,995	Purchase of property, plant & equipment, investment property & intangible assets		113,814
833,000	Purchase of short term & long term investments		962,000
15,098	Other payments for investing activities		19,799
(1,257)	Proceeds from the sale of property, plant & equipment, investment property & intangible assets		(1,567)
(855,077)	Proceeds from short term & long term investments		(969,692)
(68,426)	Capital grants received		(70,139)
50,333	**Net cash flow from investing activities**		**54,215**
	FINANCING ACTIVITES		
(15,000)	Cash receipts of short-term & long-term borrowing		(30,000)
9,360	Repayments of short-term & long-term borrowing		11,727
5,230	Cash payments for the reduction of the liabilities relating to finance leases		5,186
(410)	**Net cash flow from financing activities**		**(13,087)**
38,748	**NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS**		**2,133**
53,220	Cash & cash equivalents at the beginning of reporting peric	6.17	14,472
14,472	Cash & cash equivalents at the end of reporting period	6.17	12,339
(38,748)	**INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS**		**(2,133)**

The cash flows for operating activities include the following items:

2024-25 £'000		2025-26 £'000
16,731	Interest Paid	16,787
(6,076)	Interest Received	(3,481)

6 NOTES TO THE ACCOUNTS

6.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council for the 2025/26 financial year and its position at the year ended 31st March 2026.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and the Service Reporting Code of Practice 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Areas within the accounts that do not comply with the above publication have been suitably noted where necessary.

6.1.1 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- An exception to this principle is when certain revenue payments are made quarterly (e.g. electricity, gas) where the revenue accounts are charged with four payments.

This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

6.1.2 Property, Plant & Equipment

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

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council maintains a de minimis cost of £10,000 for any asset to be capitalised. However, where groups of assets e.g. PCs are purchased individually fall below the de minimis level, these will be considered for capitalisation as a group of assets on a case by case basis.

Measurement: Assets are initially measured at cost, comprising the purchase price and/or any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are then carried in the Balance Sheet on the basis recommended by CIPFA and in accordance with The Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards. Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting on the following basis:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value

Revaluations

With the exception of infrastructure and community assets, revaluations of fixed assets are carried out on the basis of a five-year rolling programme with any material change to asset values being adjusted in the accounts in the year it arises. Revaluations are effective from the 1st April each year.

The programmed valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on a depreciated historic cost basis.

The in-house valuations are carried out by the Authority's Valuers who are members of the Royal Institution of Chartered Surveyors.

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals.
Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

In accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, the Council undertakes a programme of asset valuations to ensure that the carrying amount of Property, Plant and Equipment does not differ materially from current value at the balance sheet date. Assets are subject to a full valuation on a rolling basis, with annual indexation applied in intervening years where appropriate. Where available, market-specific indices relevant to the asset type are used, based on recognised data sources.

For 2025/2026, asset values not subject to a full revaluation were reviewed using relevant indexation factors where available and professional judgement in accordance with CIPFA Bulletin 22 – Indexation Application Guidance. Valuers exercise professional judgement in determining the appropriateness of indices used, which are kept under review.

Indexation does not replace full valuations, but is used to maintain asset values between scheduled revaluations.

Impairment

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

Where impairment losses are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Assets Held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. 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 as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. These can only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow. Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets), Surplus Assets and assets that are not yet available for use (i.e. Assets Under Construction).

The following useful lives and depreciation rates have been used in the calculation of straight-line depreciation:

Asset		**Life (Years)**
Council Dwellings		30
Buildings	*(including Community Assets and Investment Properties)*	30
Vehicles Plant & Equipment		1 to 10
Infrastructure		40

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

Component Accounting

Component accounting is used when a single asset has one or more constituent parts with a significantly different economic life to the main asset. Components within the main asset would therefore be depreciated at different rates.

In order to determine whether there is a material difference in the depreciation charge, the Authority carries out a sensitivity analysis on its largest capital projects. A charge is calculated based on the asset as a whole compared to a charge based on the component parts. The component based charge will be used if there is a material difference between the two calculations.

6.1.3 Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Fair Value Measurement
The Authority measures its investment properties at fair value at each reporting date. 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. Measurement will be at highest and best use from the perspective of a market participant.

It is assumed that any fair value measurement of an asset or liability uses the same assumptions that market participants acting in their economic best interest would use and that the transaction takes place in the principal market or failing that in the most advantageous market for the asset or liability.

Appropriate valuation techniques are used for which sufficient data is available. Inputs to the techniques are categorised within the fair value hierarchy that consists of three levels as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Authority at the measurement date.
- Level 2 inputs are quoted prices other than quoted prices within Level 1 that are observable either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

6.1.4 Heritage Assets

There are different types of Heritage Assets which have been accounted for as follows.

- **Former Community Assets**
  Those heritage assets which were formerly included within community assets have been transferred to the Heritage Assets category. They are recorded at historic cost and include Carmarthen Castle, civic regalia and works of art.
- **Infrastructure Artwork**
  These assets were previously included as infrastructure and were either part of a larger capital project or standalone artworks on roundabouts or in town centres. As former infrastructure assets they are recorded at historic cost.
- **Museum Exhibits/Archive Records**
  The Authority holds a large collection museum exhibits and archive material which have not been included in the Balance Sheet. Cost information is not readily available for these items and the Authority believes that the benefits of obtaining a valuation for these items would not justify the cost.

6.1.5 Intangible Assets

These are assets that do not have a physical substance but will provide future economic benefits to the Authority such as software licences or internally generated assets which have been capitalised.

The Authority does not currently hold any intangible assets. Enhancements are categorised each year and any intangible assets would be identified as part of this annual exercise.

6.1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover 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. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund balance (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6.1.7 Revenue Expenditure Funded from Capital under Statute (REFFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement account in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves

Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the Council Fund Balance so there is no impact on the level of Council Tax.

6.1.8 **Cash and Cash Equivalents**

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified as Cash and Cash Equivalents. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

6.1.9 **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

6.1.10 **Leasing**

The Authority as Lessee

Under IFRS16 which has been adopted from 1st April 2024, 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 (below £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 Authority 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.

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.

6.1.11 **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

6.1.12 Financial Assets

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Authority has made loans at less than market rates (soft loans), any material loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Under IFRS 9 Financial Instruments, classification of financial assets are now based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

6.1.13 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, except for donated PPE stock, which has been valued according to costs provided by NHS shared services. The cost of inventories is assigned using the weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

6.1.14 Cost of Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

6.1.15 Provisions

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

6.1.16 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

6.1.17 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers’ Pension Scheme, administered by Capita Teachers’ Pensions on behalf of the Department for Education (DfE).

- The Local Government Pension Scheme, administered by Carmarthenshire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority.

However, the arrangements for the teachers’ scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education, Children & Family Services Line in the Comprehensive Income and Expenditure Statement is charged with the employer’s contributions payable to teachers’ pensions in the year.

The Dyfed Pension Fund

The Fund is accounted for as a defined benefit scheme.

The assets of the Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices.

The assets of the Fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – bid price value
- unquoted securities – professional estimate
- unitised securities – bid price value
- property – market value.

The net pensions balance is analysed into the following components:

Service cost comprising:

- current service cost – the value of the increase in liabilities for active members as a result of their service increasing by one year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the

Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- asset ceiling adjustment – reduction to the calculated asset ceiling if this is lower than the asset position

- contributions paid to the Fund – cash paid as employer's contributions to the fund in settlement of liabilities; not accounted for as an expense

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

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Fund.

6.1.18 <u>Interests in Companies and other Entities</u>

The council has interests in a number of companies that have the nature of subsidiaries that require the preparation of group accounts. Group Accounts have not been prepared, as the consolidation would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

<u>CWM Environmental Ltd</u>
Carmarthenshire County Council is sole shareholder of CWM Environmental Ltd. Historically, the company has been operated as an arms length trading company, however from 2018/19, the Authority has chosen to make use of the Teckal Exemption, as more

than 80% of the company's activity is transacted with the Authority. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions).

Llesiant Delta Wellbeing Ltd
Carmarthenshire County Council is sole shareholder of Llesiant Delta Wellbeing Ltd. The company was created to transfer and grow the Careline service as agreed by the Council's Cabinet in January 2018. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions).

Egni Sir Gar Cyfyngedig
Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Cabinet Member for Climate Change, Decarbonisation and Sustainability is a board member. Further information is provided at note 6.12 (Long Term Investments).

Cartrefi Croeso Cyfyngedig
Carmarthenshire County Council is sole shareholder of Cartrefi Croeso Cyfyngedig. The company was created to develop housing developments on a commercial basis in Carmarthenshire as agreed by the Council's Cabinet. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions). No business activity was undertaken during the year.

West Wales Crematorium
The Authority retains a financial stake in the West Wales Crematorium. Further information is provided at note 6.37 (Jointly Controlled Operations & Other Similar Arrangements).

6.1.19 **Jointly Controlled Operations, Jointly Controlled Assets & Other Similar Arrangements**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

We have identified that the following could fall within the above definition for accounting purposes:
Partneriaeth (previously ERW)
Wales Pension Partnership & WPP IM Co – Wales Pension Partnership Investment Management Company Ltd
Swansea Bay City Region
South West Wales Corporate Joint Committee
West Wales Crematorium

Other potential arrangements include The Children's Commissioning Consortium Cymru (4 C's) amongst others. For the purposes of the accounts no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The adjustments are not material and would not affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.1.20 **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

6.1.21 **VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them.

6.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6.1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Continued uncertainty about future funding of local authorities.

However, the Authority has a robust three year budget strategy with efficiency and service rationalisation proposals to deliver a balanced budget and has therefore determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

Voluntary Controlled and Voluntary Aided schools are currently excluded from the Authority's balance sheet as although the Authority has liabilities and risks in terms of property costs such as repairs and maintenance, it does not own the schools nor does it have any rights to the future economic benefits inherent in the assets.

6.3 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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, where balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The only items in the Authority's Balance Sheet for which there is a significant risk material adjustment in the forthcoming financial year are as follows:

- the Pensions Reserve - 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 is engaged to provide the Authority with expert advice about the assumptions to be applied.

- Property, Plant and Equipment Valuations – Balance sheet valuations are based on a combination of factors which include market indices as well as judgements about future asset lives and assumptions about the level of repairs and maintenance that will be carried out, which impacts asset lives. Valuations are carried out by professionally qualified surveyors employed by the Authority.

  For 2025/2026, asset values not subject to a full revaluation were reviewed using relevant indexation factors where available and professional judgement in accordance with CIPFA Bulletin 22 – Indexation Application Guidance. Valuers exercise professional judgement in determining the appropriateness of indices used, which are kept under review.

6.4 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 Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Usable Reserves				
2025-26	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(46,831)	(14,733)	0	0	61,564
Revaluation gains/(losses) on Property Plant and Equipment	(29,508)	(35,687)	0	0	65,195
Movements in the market value of Investment Properties	(28,531)	0	0	0	28,531
Capital grants and contributions applied	36,817	18,766	0	0	(55,583)
Revenue expenditure funded from capital under statute	(811)	0	0	0	811
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	(1,084)	(788)	0	0	1,872
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	15,623	5,147	0	0	(20,770)
Capital expenditure charged against the Council Fund and HRA balances	7,112	859	0	0	(7,971)

2025-26	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,992	0	0	(8,992)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	20,125	(20,125)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,414	113	(1,527)	0	0
Statutory Capital Receipts	20	0	(379)	0	359
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,019	0	(1,019)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves				
2025-26	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	110	0	0	0	(110)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.42)	(24,034)	(1,165)	0	0	25,199
Employer's pensions contributions and direct payments to pensioners payable in the year	32,812	1,448	0	0	(34,260)
Adjustment primarily involving the Accumulated Absences Account:					
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	820	98	0	0	(918)
Total Adjustments	**(27,079)**	**(25,942)**	**(887)**	**11,133**	**42,775**

	Usable Reserves				
2024-25	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(45,645)	(15,363)	0	0	61,008
Revaluation gains/(losses) on Property Plant and Equipment	(28,349)	(10,832)	0	0	39,181
Movements in the market value of Investment Properties	(1,050)	0	0	0	1,050
Capital grants and contributions applied	51,155	16,621	0	0	(67,776)
Revenue expenditure funded from capital under statute	(4,080)	0	0	0	4,080
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	(923)	0	0	0	923
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	15,280	4,889	0	0	(20,169)
Capital expenditure charged against the Council Fund and HRA balances	13,408	4,795	0	0	(18,203)

	Usable Reserves				
2024-25	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	17,733	0	0	(17,733)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	9,325	(9,325)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,136	85	(1,181)	0	(40)
Statutory Capital Receipts	18	0	(311)	0	293
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	4,914	0	(4,914)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves				
2024-25	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1	0	0	0	(1)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.42)	(32,811)	(1,615)	0	0	34,426
Employer's pensions contributions and direct payments to pensioners payable in the year	31,749	1,406	0	0	(33,155)
Adjustment primarily involving the Accumulated Absences Account:					
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	(220)	87	0	0	133
Total Adjustments	**17,402**	**73**	**3,422**	**(8,408)**	**(12,489)**

6.5 Note to the Expenditure and Funding Analysis

2025-26	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes £'000	Net Changes for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Department				
Chief Executive	994	(477)	(145)	372
Education & Leisure	31,788	(4,590)	294	27,492
Corporate Services	20,768	(1,818)	(87)	18,863
Social Services & Housing	3,548	(2,302)	(572)	674
Place, Infrastructure & Economic Development	10,596	(1,116)	(259)	9,221
Housing Revenue Account	49,561	(371)	(98)	49,092
Insurance & Corporate	(3,617)	0		(3,617)
Net Cost of Services	113,638	(10,674)	(867)	102,097
Other Income & Expenditure	(50,528)	1,613	(161)	(49,076)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	**63,110**	**(9,061)**	**(1,028)**	**53,021**
2024-25				
	(Restated)	**(Restated)**	**(Restated)**	**(Restated)**
Department				
Chief Executive	802	230	(148)	884
Education & Leisure*	40,557	(889)	1,354	41,022
Corporate Services	(15)	(1,531)	(94)	(1,640)
Social Services & Housing*	3,152	1,048	(543)	3,657
Place, Infrastructure & Economic Development*	26,090	529	(303)	26,316
Housing Revenue Account	21,400	135	(88)	21,447
Insurance & Corporate	(11,765)	0	0	(11,765)
Net Cost of Services	80,221	(478)	178	79,921
Other Income & Expenditure	(99,098)	1,749	(47)	(97,396)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	**(18,877)**	**1,271**	**131**	**(17,475)**

* The 2024/25 figures have been restated to reflect the departmental changes that occurred during 2025/26.

Narrative Explanation

Adjustments for Capital Purposes

Service lines - adds in depreciation, impairment and revaluation gains and losses and deducts direct revenue funding.

Other Income and Expenditure includes the following:
Other Operating Expenditure - Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Adds/deducts charges to trading operations not included in service lines.

Financing and Investment income and expenditure – deducts the statutory charges for capital financing (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. There are credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pensions Adjustments

Service lines – employer contributions made by the Authority are removed as allowed by statute and replaced with current service costs and past service costs.

Other Income and Expenditure includes the following:
Financing and Investment Income – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Service lines – adjusts for holiday pay transferred to the accumulated absence reserve.

Financing and Investment Income and Expenditure – adjustments to the General Fund for the timing differences for premiums and discounts.

6.6 Trading Operations

The Authority undertakes the following trading operations that make up the Surpluses/Deficits on Trading Activities in the Comprehensive Income and Expenditure Statement: Property Services, Vehicle Repair & Maintenance, Building Cleaning, Fleet Management and Civil Design.

6.7 Council Tax

Council tax income is derived from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by dividing the amount of income required for Carmarthenshire County Council and the Dyfed-Powys Police & Crime Commissioner and Town & Community Councils by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax Base for 2025/26 was 77,243.48 (76,460.40 for 2024/25). The tax base for 2025/26 includes 100% premiums for both long term empty properties and second homes.

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A-) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

Band	A-	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band D Dwellings	15	5,319	16,825	15,152	13,566	15,206	8,992	3,490	547	114

Analysis of the net proceeds from Council Tax:

	2024-25 £'000	2025-26 £'000
Council Tax Collectable	158,837	176,133
Movement in Impairment Allowance	(2,180)	(3,036)
Net Proceeds from Council Tax (including Precepts)	**156,657**	**173,097**

6.8 National Non Domestic Rates (NNDR)

NNDR is organised on a national basis. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government who redistribute the sums payable back to local authorities on the basis of a fixed amount per head of population. Local businesses pay rates calculated by multiplying their rateable value by a rate specified by the Welsh Government (56.8p for 2025/26, 56.2p for 2024/25).

The total non-domestic rateable value at 31st March 2026 was £117,841,707 (£118,161,145 at 31st March 2025).

6.9 Property, Plant & Equipment

Movements in 2025-26	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/25	**515,796**	**980,319**	**31,897**	**8,944**	**13,976**	**153,776**	**1,704,708**
Additions	30,715	25,175	6,539	115	18	39,759	**102,321**
Revaluation Increases Recognised in the Revaluation Reserve	6,238	24,785	0	15	419	0	**31,457**
Revaluation Losses Recognised in the Revaluation Reserve	(30,699)	(16,366)	0	(1,328)	(161)	0	**(48,554)**
Revaluation Increases Recognised in the Provision of Services	3,010	2,387	0	0	169	0	**5,566**
Revaluation Losses Recognised in the Provision of Services	(29,157)	(30,237)	(339)	(721)	(106)	0	**(60,560)**
Derecognition of Disposals	(963)	(129)	(300)	0	(923)	0	**(2,315)**
Reclassifications: to & from Assets Held for Sale	0		0	0	(48)	0	**(48)**
Reclassifications: to & from Investment Properties	0	(54)	0	(740)	(96)	0	**(890)**
Reclassifications: from Assets Under Construction	93	55,597	0	16	0	(103,540)	**(47,834)**
Reclassifications: PPE	0	(1,181)	0	(222)	1,403	0	**0**
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(4,448)	(55,956)	(393)	(85)	0	0	**(60,882)**
Gross Book Value 31/03/26	**490,585**	**984,340**	**37,404**	**5,994**	**14,651**	**89,995**	**1,622,969**
Accumulated Depreciation and Impairment at 01/04/25	**(22,094)**	**(29,384)**	**(14,276)**	**(657)**	**3**	**0**	**(66,408)**
Depreciation Charge	(14,526)	(29,839)	(3,442)	(17)	0	0	**(47,824)**
Write back of Dep'n to the Gross Carrying Amount on Revaluation	4,448	55,956	393	85	0	0	**60,882**
Derecognition of Disposals	176	17	299	0	0	0	**492**
Other Movements in Depreciation and Impairments	(12,286)	(1,041)	(22)	0	0	0	**(13,349)**
Cumulative Depreciation to 31/03/26	**(44,282)**	**(4,291)**	**(17,048)**	**(589)**	**3**	**0**	**(66,207)**
Net Book Value at 31/03/26	**446,303**	**980,049**	**20,356**	**5,405**	**14,654**	**89,995**	**1,556,762**

Movements in 2024-25	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/24	**479,460**	**930,249**	**29,320**	**8,656**	**13,916**	**100,714**	**1,562,315**
Additions	30,753	20,559	3,420	267	1	76,249	**131,249**
Revaluation Increases Recognised in the Revaluation Reserve	27,339	92,086	20	0	182	0	**119,627**
Revaluation Losses Recognised in the Revaluation Reserve	(3,597)	(40,520)	0	0	(437)	0	**(44,554)**
Revaluation Increases Recognised in the Provision of Services	10,989	7,115	0	0	421	0	**18,525**
Revaluation Losses Recognised in the Provision of Services	(15,281)	(34,885)	(58)	0	(31)	0	**(50,255)**
Derecognition of Disposals	0	0	(362)	0	(142)	0	**(504)**
Reclassifications: to & from Assets Held for Sale	0	(725)	0	0	(14)	0	**(739)**
Reclassifications: to & from Investment Properties	0	(1,429)	0	0	0	0	**(1,429)**
Reclassifications: from Assets Under Construction	6,150	14,978	0	21	0	(23,955)	**(2,806)**
Reclassifications: PPE	0	(868)	0	0	80	768	**(20)**
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(20,017)	(6,241)	(443)	0	0	0	**(26,701)**
Gross Book Value 31/03/25	**515,796**	**980,319**	**31,897**	**8,944**	**13,976**	**153,776**	**1,704,708**
Accumulated Depreciation and Impairment at 01/04/24	**(18,244)**	**(5,162)**	**(12,006)**	**(597)**	**3**	**0**	**(36,006)**
Depreciation Charge	(15,196)	(28,946)	(3,056)	(60)	0	0	**(47,258)**
Depreciation Written Out to Revaluation Reserve	20,017	6,241	443	0	0	0	**26,701**
Derecognition of Disposals	0	0	343	0	0	0	**343**
Other Movements in Depreciation and Impairments	(8,671)	(1,517)	0	0	0	0	**(10,188)**
Cumulative Depreciation to 31/03/25	**(22,094)**	**(29,384)**	**(14,276)**	**(657)**	**3**	**0**	**(66,408)**
Net Book Value at 31/03/25	**493,702**	**950,935**	**17,621**	**8,287**	**13,979**	**153,776**	**1,638,300**

All assets reclassified as Held for Sale were sold during the year. There were no assets classified as Held for Sale as at 31st March 2026.

Statement of Non-Current Assets Carried at Current Value 2025/26

The following statement shows the progress of the Authority's rolling programme for revaluation of fixed assets. The valuations are carried out in-house by the Authority's Valuers who are Fellows of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Movement in fair value as at:					
Previous Years	374,626	739,254	28,422	23,557	1,165,859
31 March 2022	93,924	78,237	(2,695)	(2,344)	167,122
31 March 2023	24,794	77,373	5,077	(2,693)	104,551
31 March 2024	(13,884)	35,385	(1,484)	(4,604)	15,413
31 March 2025	36,336	50,070	2,577	60	89,043
31 March 2026	(25,211)	4,021	5,507	675	(15,008)
Gross Book Value at 31/03/26	**490,585**	**984,340**	**37,404**	**14,651**	**1,526,980**

Infrastructure Assets

In accordance with the relief offered by the update to the Code 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 authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2022 (as amended) that the carrying amount to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

The authority 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.

	2024-25 £'000	2025-26 £'000
Net Book Value at 1st April	264,486	268,994
Net additions	12,683	26,225
Reclassifications	123	13,342
Net depreciation charge	(8,298)	(8,300)
Total Net Movements	**4,508**	**31,267**
Net Book Value at 31st March	**268,994**	**300,261**

Reinforced Autoclaved Aerated Concrete (RAAC)

In 2023, a cross-departmental RAAC Task Force was formed to address potential risks associated with Reinforced Autoclaved Aerated Concrete (RAAC). The Task Force conducted comprehensive surveys on 166 non-residential buildings constructed between 1944 and 1999, or those with flat roof extensions.

Upon completion of the surveys, RAAC was identified in one investment property. Immediate interim safety measures have been implemented to ensure the property's continued safe use. The property will remain under close monitoring throughout its utilisation.

Capital Commitments

As at 31st March 2026 the Council was contractually committed to outstanding capital works which amounted to approximately £42.6 million (£53 million as at 31st March 2025).

		£'000
Council Dwellings		**4,033**
The main contracts include:		
Council New Build - Llandovery Playing Fields	*3,303*	
Education		**9,644**
The main contracts include:		
Welsh Language Immersion Centre - Y Strade	*2,842*	
Bryngwyn School	*6,160*	
Culture, Sport and Tourism		**84**
Economic Development		**22,948**
The main contracts include:		
Canolfan at Pentre Awel	*4,203*	
Atriwm	*6,847*	
Digital Project - Connected Places	*1,395*	
Digital Project - Rural	*8,870*	
Chief Executive Department		**169**
Environmental Infrastructure & Flood		**5,691**
The main contracts include:		
Llanelli Masterplan - Black Bridge	*1,788*	
Refuse and recycling strategic transformation	*3,201*	
Total		**42,569**

6.10 Heritage Assets

Heritage Assets with a net carrying amount of £2,724k were held as at 31st March 2026 (£2,607k as at 31st March 2025). Further details of the Council's Heritage Assets, classed as Museum Exhibits, can be obtained from the County Museum's Curator at Carmarthenshire County Council.

6.11 Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2024-25 £'000	2025-26 £'000
Rental income from Investment Properties	(995)	(1,148)
Direct operating expenses arising from Investment Property	474	481
Net (gain)/loss	**(521)**	**(667)**
Indirect Expenditure	475	476
Net (Gains)/Losses from Fair Value adjustments	1,050	28,531
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	**1,004**	**28,340**

The following table summarises the movement in the fair value of Investment Properties during the year:

	2024-25 £'000	2025-26 £'000
Balance at start of year	21,157	24,458
Additions	417	3,443
Disposals	(24)	0
Net Gains/(Losses) from fair value adjustments	(1,050)	(28,531)
Revaluation Losses Recognised in the Revaluation Reserve	16	0
(To)/From Property, Plant and Equipment	3,942	35,381
	0	0
	24,458	**34,751**

Fair Value Measurement of Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy are as follows:

	31st March 2025		31st March 2026	
Recurring Fair Value measurements using:	**Significant unobservable inputs (level 3)**	**Fair Value**	**Significant unobservable inputs (level 3)**	**Fair Value**
Commercial Properties	10,015	**10,015**	19,450	**19,450**
Garages	61	**61**	60	**60**
Land Assets	14,335	**14,335**	15,194	**15,194**
Residential Properties	47	**47**	47	**47**
Total	**24,458**	**24,458**	**34,751**	**34,751**

6.12 Long Term Investments

	31 March 2025 £'000	31 March 2026 £'000
Cwm Environmental Ltd.	329	329
Egni Sir Gar Cyfyngedig	680	600
Banks and 100% Wholly Owned Subsidiaries	0	0
	1,009	**929**

Whilst CWM Environmental, Llesiant Delta Wellbeing Ltd and Cartrefi Croeso have the nature of subsidiaries which require the preparation of group accounts, Group Accounts have not been prepared as the consolidation would not materially affect the Authority's financial position or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

CWM Environmental Ltd

CWM Environmental Ltd. is a wholly owned subsidiary company of the Authority. The company has been set up in accordance with the Environmental Protection Act 1990 for the purpose of Waste Disposal.

The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31st March 2026:

	£'000
Share Capital	329

The investment has been included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

CWM Environmental Ltd operate two wholly owned subsidiaries with the following shareholding:

Pembrokeshire Recycling Company Ltd	£1.00
Carmarthenshire Recycling Company Ltd	£1.00

Pembrokeshire Recycling Company Ltd and Carmarthenshire Recycling Company Ltd are registered in England and Wales and are dormant.

The Company has produced draft accounts for the year. Detailed below is a summary of the draft unaudited accounts for the year and net assets as at 31st March 2026:

	Year ended 31 March 2026
	£'000
Turnover	19,812
Less: Cost of Sales	(17,311)
Gross Profit	**2,501**
Overheads	(2,782)
Net Profit/(Loss) before taxation	**(281)**
Taxation on loss / profit	0
Retained Profit/(Loss)	**(281)**
Net Assets as at 31 March 2026	**4,594**

A copy of the Annual Report can be obtained from the Registered Office at the following address:

Head Office,
Nantycaws Recycling Centre
Llanddarog Road,
Carmarthen,
SA32 8BG

Llesiant Delta Wellbeing Ltd

Llesiant Delta Wellbeing Ltd is a wholly owned subsidiary of the Authority. The total value of the share capital is £1. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

The company is required to produce audited accounts for the year ended 31st March 2026 which are submitted to Companies House. Detailed below is a summary of the draft accounts for the year and net assets as at 31st March 2025. The draft accounts for the year ended 31st March 2026 will follow post audit.

	Year ended 31 March 2025
	£'000
Turnover	8,446
Less: Cost of Sales	(6,764)
Gross Profit	**1,682**
Overheads	(1,674)
Net Profit/(Loss) before taxation	**8**
Taxation on loss / profit	(1)
Changes in defined pension liabilities	(1,365)
Retained Profit/(Loss)	**(1,358)**
Net Assets/(Liabilities) as at 31 March 2025	**554**

Cartrefi Croeso

Cartrefi Croeso is a wholly owned subsidiary of the Authority. The total value of the share capital is £100. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses. During 2023/24, the company was put into dormancy.

The company is required to produce audited accounts for the year ended 31st March 2026 which are submitted to Companies House. There was no business activity during the year.

Egni Sir Gar

Carmarthenshire County Council invested in the solar PV project set up by Egni Sir Gar Cyfyngedig - a community benefit society registered with the Financial Conduct Authority (number 7193). The scheme installed solar PV panels in 2016 on 17 non-domestic buildings within the Council’s portfolio. Carmarthenshire County Council are 100% shareholders of Egni Sir Gar Cyfyngedig.

The society sold shares to fund the capital expenditure and working capital requirements associated with the development, installation and maintenance of the panels. The solar PV panel installation was completed during 2016.

A Share Purchase Agreement was set up between Carmarthenshire County Council and Egni Sir Gâr Cyfyngedig.

There was a capital repayment (ordinary ‘B’ shares) of £80k made during the year.

	£'000
Ordinary 'A' Shares	100
Ordinary 'B' Shares	500
Total Share Capital	**600**

Each share has a nominal value of £1.00 each.

6.13 Long Term Debtors

	31 March 2025 £'000	31 March 2026 £'000
Home Improvement Loans Longer than One Year	501	346
Charges against estates of persons in residential homes (Carmarthenshire County Council)	760	710
Charges against estates of persons in residential homes (External Providers)	1,783	2,094
Capital Contribution to the loans of 1st time homebuyers	795	779
Car Loans	13	7
Loan for Town Centres	1,102	1,454
Loan Cartrefi Croeso	2	2
Loan Town and Community Councils	236	174
Loan Cwm Environmental	4,449	10,395
Loan Scarlets	2,616	2,616
Other	74	73
	12,331	**18,650**

The Welsh Government's initiative Houses into Homes and Home Improvement Loans provides interest free loans to bring back empty properties into use. These payments to landlords will create a recyclable loan fund usable during the term of the scheme.

A 10 year loan of £321k at a fixed interest rate of 3.38% was entered into with CWM Environmental Limited in February 2020 for the purpose of acquiring land adjoining the Nantycaws Site. An additional 5 year loan of £201k at a fixed interest rate of 3.12% was entered into with CWM Environmental Limited in April 2020 for the purpose of constructing a new office building at the Nantycaws site. This loan was repaid in full in April 2025.

A 5 year loan of £278k at a fixed interest rate of 6.10% per annum was entered into with CWM Environmental Limited in February 2025 for the purpose of lease settlement and legal costs upon relocation.

A £10m loan facility was agreed by County Council with CWM Environmental Limited in December 2023 to enable the company to rebuild and equip a Resources Recovery Facility following the fire at the site in April 2021. The full loan facility of £10m has now been drawn, with a consolidated rate of 5.63%, with repayments due to commence in 2026/27.

The County Council, as part of the Development Agreement entered into with Llanelli Rugby Football Club Limited (the club), advanced a sum of £2.4m for a term of 15 years to the club. In October 2010, the County Council agreed to a variation in the terms of the loan whereby interest payments of £216,000 were deferred to the end of the loan period in 2023. Following the end of this agreement, a further extension to the loan was agreed for a period of 15 years from April 2023. A variation in terms was agreed, with repayment of loan principle from April 2026 on an equal instalment basis of £218,000 per annum. Interest continues to be chargeable on the loan and is charged at a rate of 2.2% above the Bank Base Rate (3.75% as at 31st March 2026).

Loans to Town and Community Councils are for the replacement of ageing lighting columns with energy efficient LEDs. This is an Invest to Save Initiative.

Town Centre loans are to support businesses redevelop empty or underutilised properties within town centres into commercial and/ or residential use.

6.14 Short Term Investments

This represents investments repayable within twelve months and is analysed as follows:

	31 March 2025 £'000	31 March 2026 £'000
Banks and Debt Management Account Deposit Facility	867	1,305
Local Authorities	8,130	0
	8,997	**1,305**

6.15 Inventories

	2024-25 £'000	2025-26 £'000
Balance at start of year	1,980	1,455
Purchases	7,760	8,341
Recognised as an expense in the year	(8,279)	(8,068)
Written off balances	(6)	(7)
Other net movements in year	0	0
Balance at year end	**1,455**	**1,721**

6.16 Short Term Debtors

	31 March 2025 £'000	31 March 2026 £'000
HM Revenue & Customs	7,226	5,633
Central Government	56,128	50,100
Police, Fire, National Park and Local Authorities	19,682	8,885
NHS Bodies	12,049	9,628
Council Tax Payers	6,424	7,508
Housing Tenants	2,559	2,640
Other	30,667	37,023
	134,735	**121,417**

6.17 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2024-25 £'000		2025-26 £'000
78	Cash held by the Authority	71
(3,505)	Bank current accounts	(3,725)
12,894	Short-term deposits with banks, money market funds and debt management account deposit facility	15,993
5,005	Short-term deposits with Local Authorities	0
14,472	**Total Cash and Cash Equivalents**	**12,339**

6.18 Short Term Borrowing

This represents borrowing repayable within twelve months and is analysed as follows:

	31 March 2025 £'000	31 March 2026 £'000
Public Works Loan Board	10,804	14,942
Market Loan	64	0
Salix & Invest 2 Save	288	288
	11,156	**15,230**

6.19 Short Term Creditors

	31 March 2025 £'000	31 March 2026 £'000
HM Revenue & Customs	(6,610)	(7,550)
Central Government	(5,393)	(9,499)
Police, Fire, National Park and Local Authorities	(2,185)	(2,910)
NHS Bodies	(1,359)	(1,570)
Housing Tenants	(955)	(966)
Council Tax Payers	(4,288)	(4,672)
Employee Related	(8,810)	(8,055)
Dyfed Pension Fund	(11,629)	(16,611)
Trust Funds*	(6,796)	(6,842)
Finance Lease Liabilities	(3,497)	(3,497)
Other	(55,996)	(49,830)
	(107,518)	**(112,002)**

* This represents funds held on client's behalf.

6.20 Provisions

The summary below shows the movement in the level of provisions during 2025/26:

	1 April 2025 £'000	Reversal £'000	Addition £'000	Utilisation £'000	31 March 2026 £'000
Corporate Services Department	150	(40)	75	0	185
Place, Infrastructure & Economic Development Department	22	0	0	0	22
Education & Leisure	38	0	0	0	38
Municipal Mutual Insurance (MMI)	125	0	0	0	125
Landfill Site - Aftercare Provision	148	0	0	(76)	72
Insurance	932	0	47	0	979
	1,415	**(40)**	**122**	**(76)**	**1,421**

Balances as at 31 March 2025	**Current Liabilites (< 1 year) £'000**	**Long Term Liabilites (> 1 year) £'000**	**Total £'000**
Corporate Services Department	40	145	185
Place, Infrastructure & Economic Development Department	8	14	22
Communities Department	0	38	38
Municipal Mutual Insurance (MMI)	2	123	125
Landfill Site - Aftercare Provision	72	0	72
Insurance	979	0	979
	1,101	**320**	**1,421**

Purpose of Main Provisions

Corporate Services Department
Provision for money due to HMRC relating to a prior year payroll adjustment £145k. There is also a provision for overtime relating to the closure of the accounts.

Place, Infrastructure & Economic Development Department
The total includes £14k for remedial works due to subsidence in Crown Park and £8k for approved asset transfer payments.

Education & Leisure Department
Provision of £38k for legal / barrister's costs for prosecutions relating to trading standards & animal health.

Municipal Mutual Insurance (MMI)
For the policy years before 1992/93, each local authority insured by MMI is exposed to a potential insurance liability relating to the closure of MMI on 30th September 1992. In January 2012 the Directors of MMI triggered the "MMI Scheme of Arrangement" with the levy notice being issued on 1st January 2014. The initial levy was for 15% and was increased to 25% at the end of 2015/16. Whilst there remains a net liability position on MMI's balance sheet the Schemes Administrator continues to monitor the claims position and will advise the scheme creditors if an adjustment to the levy is required. As the matter is on-going, the provision is retained in the accounts.

Landfill Site - Aftercare
Entities that operate landfill sites have a duty to carry out restoration works and undertake appropriate aftercare, including the monitoring and control of gas and leachate production at the sites. IAS37 requires that a provision is recognised, and IAS16 defines the cost of an item of property as including 'the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Insurance Provision
This provision is for insurance claims that have been registered and are likely to fall on the Authority.

6.21 Long Term Borrowing

Total Outstanding as at	**31st March 2025 £'000**	**31st March 2026 £'000**	**Maturity Dates**
Sources of Borrowing			
Public Works Loan Board	395,033	412,630	2026-2073
Market Loans (Note i)	3,110	0	2026-2055
Interest Free Loans (Note ii)	9,096	8,808	2026-2037
	407,239	**421,438**	

(i) The FMS Wertmanagement Service GmbH Bank loan is a Lenders Option Borrowers Option (LOBO) loan. It is shown at the Equivalent Interest Rate (EIR). It is a stepped interest rate loan, with a current rate of 4.72 %.The lender has the option to vary the interest rate at each interest payment date. If the lender exercises the option the Authority then has the option as to either accept the new interest rate or repay the loan back to the lender. The lender exercised their right to amend the interest of the loan in April 2025, the Council rejected the new rate and repaid the loan in full, with no penalty.

(ii)

Interest Free Loans

Total Outstanding as at	**31st March 2025 £'000**	**31st March 2026 £'000**
SALIX	1,741	1,453
Home Improvement Loans Scheme	1,292	1,292
Town Centre Loans	6,063	6,063
	9,096	**8,808**

Re:fit Cymru is a Welsh Government promoted scheme providing interest free loans via the Salix funding programme for up to 10 years, that aims to accelerate energy efficiency improvement in all public sector buildings in Wales.

The Home Improvement Loan Scheme (HILS) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to owner occupiers and the private rented sector to improve properties or to bring empty properties back into use. The term of the funding is until 31st March 2030, with advances to third parties repayable interest free.

The Town Centre Loans (TCL) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The term of the funding is until 31st March 2037, with advances to third parties repayable interest free.

6.22 Earmarked Council Fund Reserves

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

	1 April 2024	Transfers In	Transfers Out	31 March 2025	Transfers In	Transfers Out	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves							
Insurance	13,851	1,278	(1,040)	14,089	1,346	(993)	14,442
Major Development Fund	23,875	5,081	(9,310)	19,646	2,000	(2,952)	18,694
MEP Capital Funding	15,289	3,251	(1,261)	17,279	2,992	(609)	19,662
Development Fund	753	200	(149)	804	1,376	(175)	2,005
Schools Development Fund	328	6	0	334	165	0	499
City Deal/Pentre Awel	9,090	2,347	(3,789)	7,648	4,000	(2,308)	9,340
Public Lighting Invest 2 Save	805	0	0	805	0	0	805
Salix Fund	183	203	(288)	98	200	(343)	(45)
Corporate Retirement Fund	6,349	66	0	6,415	84	0	6,499
Redundancy	1,100	102	(71)	1,131	198	(213)	1,116
IT Infrastructure	333	0	0	333	0	0	333
Financial Management System	317	0	0	317	0	0	317
Joint Ventures	1,783	338	(131)	1,990	260	(944)	1,306
Externally Funded Schemes	2,212	1,711	(1,241)	2,682	2,560	(2,246)	2,996
Llanelly House	142	0	0	142	0	0	142
Community Asset Transfer Fund	37	0	0	37	0	0	37
Fleet Management	2,321	1,422	0	3,743	1,261	(3)	5,001
Highways Capital Charges	1,336	0	(16)	1,320	279	(16)	1,583
Council Tax/Housing Benefit	880	0	0	880	0	0	880
Housing Services Schemes	5,510	105	(585)	5,030	585	(1,121)	4,494
Work Ready Programme	185	0	(53)	132	0	(56)	76
Brexit	200	0	(200)	0	0	0	0
Departmental Reserves	22,643	9,697	(7,488)	24,852	9,328	(7,095)	27,085
Resetting Services (Post COVID19)	1,400	0	0	1,400	0	0	1,400
COVID19 Hardship	4,391	0	0	4,391	0	0	4,391
Economic Recovery	450	0	0	450	0	0	450
County Council Election costs	279	108	0	387	96	0	483
Nantycaws Recycling Centre	1,700	0	0	1,700	0	0	1,700
Schools HWB Sustainability Scheme	1,637	802	(53)	2,386	1,283	(221)	3,448
Urdd National Eisteddfod	23	0	(23)	0	0	0	0
Waste Strategy	252	0	0	252	0	0	252
Decarbonisation	500	0	0	500	0	(105)	395
Levelling up bid match funding	3,500	0	0	3,500	0	(691)	2,809
Inflationary Risks	1,537	0	0	1,537	0	0	1,537
Revenue Support Grant (RSG)	3,075	0	(3,075)	0	0	0	0
Cost of Living Discretionary Scheme	495	0	(53)	442	0	0	442
Targeted Regeneration Investment	121	3	0	124	49	(41)	132
Residential Home Room Refurbishment	456	0	(361)	95	0	(95)	0
Kidwelly Town Hall	772	228	0	1,000	100	0	1,100

Continued overleaf

	1 April 2024 £'000	Transfers In £'000	Transfers Out £'000	31 March 2025 £'000	Transfers In £'000	Transfers Out £'000	31 March 2026 £'000
School Organisation Fund	0	0	0	0	138	0	138
School Footprint Rationalisation Fund	0	0	0	0	500	0	500
Extended Producer Responsibility (EPR)	0	0	0	0	2,686	0	2,686
Other	196	56	0	252	6	(30)	228
	130,306			**128,123**			**139,358**
Held by Schools under LMS	5,175	1,022	(8,035)	(1,838)	928	(8,651)	(9,561)
	5,175			**(1,838)**			**(9,561)**

Insurance
Funds have been set aside to meet the cost of claims and other losses that could fall on the Authority.

Major Development Fund
This fund has been created to support major capital development projects in the County and its utilisation is reflected in the 5 year capital programme.

MEP Capital Funding
Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme and its utilisation is reflected in the 5 year capital programme.

Development Fund
The aim of this fund is to assist the Authority in its long term planning by allocating resources to projects that, due to lack of funding, could not be carried out within normal budgetary allocations.

City Deal/Pentre Awel
Funding set aside to meet potential future expenditure in respect of the City Deal projects, such as project development costs, borrowing and interest costs and Carmarthenshire's contribution towards the overall city deal operating costs (including the Regional Office) as per the Swansea Bay City Region Joint Agreement.

Public Lighting Invest 2 Save
Reserve set aside to provide additional financial support for the Welsh Government Invest-to-save project of converting streetlamps to dimmable LED lighting. The initiative will deliver a legacy of reduced energy costs and associated carbon taxes achieved through a 3 year programme of converting approximately 12,000 sodium lantern units to lower energy consumption LED units which will incorporate part-night dimming regimes**.**

Salix Fund
Salix, which is an independent social enterprise that provides funding for proven technologies which are cost effective in saving CO2, have provided the Authority with a grant to allow loans to be made to schools/ departments to fund energy saving schemes. These loans are repaid from the resultant savings and the fund is replenished for other schools/ departments to benefit from the scheme.

Corporate Retirement Fund
This Fund has been set up to support the Authority's redundancy and early retirement policy, enabling the Authority to provide for the actuarial strain on the Pension Fund which arises from any early retirement or redundancy.

Redundancy
This fund has been established by Departments to meet potential redundancy costs that may be incurred at the termination of fixed term contracts for staff at the end of externally funded schemes.

IT Infrastructure
This fund has been established to support the planned replacement of the Authorities servers and IT infrastructure.

Financial Management System
Set up to meet the funding of the significant investment in the provision and development of the Financial Management System.

Joint Ventures
The Authority has entered into various Joint Venture agreements with the Welsh Government. Rental income received in relation to these is set aside to meet future obligations.

Externally Funded Schemes
To provide match funding for ongoing projects or externally funded schemes in future years.

Llanelly House

To meet the agreed funding support to the Llanelly House project, in order to assist with the sustainability of this new facility which is seen as being integral to the long term regeneration plans for the town centre.

Community Assets Transfer Fund
The authority recognised that there are some services or local facilities that could be operated more effectively if run by Community Groups or Community Councils. This fund was established to undertake improvements to facilities or give financial incentives to enable these projects to be taken forward.

Fleet Management
This reserve has been established to equalise the whole of life cost of operating and maintaining Council's vehicles to the service users over agreed durations.

Highways Capital Funding (Local Government Borrowing Initiative LGBI)
The fund has been established to meet the cost of borrowing to finance the Highways capital improvement and maintenance programme

Council Tax/Housing Benefits
This reserve has been earmarked to meet the potential costs falling on Carmarthenshire arising from the annual reductions in the Housing Benefits Administration grant and Welfare reform.

Housing Services Schemes
This reserve has been set up to support Housing bringing empty houses back into use, the Syrian & Afghan Resettlement schemes and the Private Rental Sector leasing scheme.

Work Ready Programme
Reserve set aside to provide 4 tiers of work placement and training within the Authority as a means of assisting local people, including young people with limited or no employment history to gain qualifications and employment in order to enhance their employment prospects.

Departmental Reserves
The Authority has a policy which permits allocations to departmental reserves, funded from in year underspends that can be allocated towards specific one off projects/services. This approach encourages prudent use of public money.

Resetting Services (Post COVID19)
Funding set aside to meet any one-off costs of resetting or realigning services during the recovery phase of the COVID19 pandemic

COVID19 Hardship
Reserve set aside from monies received from Welsh Government at year-end to help deal with the impact of COVID19.

Economic Recovery
Reserve set aside to aid the development and delivery of the County's economic recovery plan following COVID19.

County Council Election Costs
Reserve set aside to fund the cost of County Council elections.

Nantycaws Recycling Centre
This fund has been established to deal with additional operating costs as a result of a fire at the recycling site in Nantycaws in 2021.

Schools HWB Sustainability Scheme
Reserve set aside to provide planned long term ongoing maintenance and replacement programme for schools IT.

Levelling Up Match Funding
Reserve established to provide match funding required for Levelling Up Bids.

Inflationary Risks
Reserve established to respond to inflationary pressures over and above those already budgeted for.

Cost of Living Discretionary Scheme
Welsh Government funding provided for the purposes of developing a local scheme to assist with the cost of living increase in Carmarthenshire.

Targeted Regeneration Investment
Reserve established to hold surpluses achieved from TRI schemes for the purpose of reinvesting as per agreement with Welsh Government

Decarbonisation
Funding set aside as part of 2022/23 budget process to accelerate decarbonisation plans.

Waste Strategy
Funding for one off costs of implementing the waste strategy over the coming years.

Residential Home Room Refurbishment
Reserve established to assist with the refurbishment of Residential Home rooms.

Kidwelly Town Hall
Reserve established to provide for emergency works required to Kidwelly Town Hall.

School Organisation Fund
Specific reserve to assist in funding future extraordinary costs incurred from school reorganisations / closures.

School Footprint Rationalisation Fund
Reserve to meet one-off costs related to school balances and associated with changes to the overall school footprint.

Extended Producer Responsibility (EPR)
Extended Producer Responsibility (EPR) in the UK is a regulatory framework that obliges producers to fund the collection, sorting, recycling, and disposal of household packaging waste. The revised scheme was implemented in April 2025 under the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024. The primary goal of EPR is to ensure that the “polluter pays” principle is applied, creating a financial incentive for businesses to design packaging that is lighter, recyclable, and less environmentally harmful.

Held by Schools under LMS
This represents the net position of the balances of all schools. While some schools have a surplus balance, others are in deficit. It is recognised that in many cases it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

6.23 Capital Receipts Reserve

	2024-25 £'000	2025-26 £'000
Opening Balance	15,655	12,233
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,181	1,527
Statutory Capital Receipts	383	433
	17,219	14,193
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,914)	(1,019)
Repayment of Long Term Loan	(72)	(54)
Closing Balance	**12,233**	**13,120**

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. The major repairs allowance received from the Welsh Government was applied in full during the year. There was no balance carried forward in respect of this grant.

6.24 Capital Grants Unapplied

	2024-25 £'000	2025-26 £'000
Opening Balance	15,015	23,423
Additions	17,733	8,992
	32,748	32,415
Grants and Contributions applied	(9,325)	(20,125)
Closing Balance	**23,423**	**12,290**

6.25 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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 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 £'000			2025-26 £'000
563,887	**Balance at 1 April**		**616,456**
119,643	Upward revaluation of assets	31,458	
(47,395)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(51,723)	
72,248	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(20,265)
(18,422)	Difference between fair value depreciation and historical cost depreciation	(18,497)	
(1,257)	Accumulated gains on assets sold or scrapped	(399)	
(19,679)	Amount written off to the Capital Adjustment Account		(18,896)
616,456	**Balance at 31 March**		**577,295**

6.26 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 Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6.4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024-25 £'000		2025-26 £'000
751,255	**Balance at 1 April**	**786,308**
1,482	**Adjustment to Balance B/fwd re IFRS16**	**0**
752,737	**Adjusted Balance at 1 April**	**786,308**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(37,043)	Charges for depreciation and impairment of non-current assets	(37,607)
(5,543)	Charges for depreciation and impairment of IFRS16 assets	(5,460)
(39,181)	Revaluation gains/(losses) on Property, Plant and Equipment	(65,195)
(4,080)	Revenue expenditure funded from capital under statute	(811)
(923)	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	(1,872)
665,967		675,363
1,257	Adjusting amounts written out of the Revaluation Reserve	399
667,224	Net written out amount of the cost of non-current assets consumed in the year	675,762
0	Capital Receipts Set Aside	0
(253)	Additional in Year Movements	(359)
4,914	Use of the Capital Receipts Reserve to finance new capital expenditure	1,019
67,776	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	55,583
9,325	Application of grants to capital financing from the Capital Grants Unapplied Account	20,125
20,169	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	20,770
18,203	Capital expenditure charged against the General Fund and HRA balances	7,971
787,358		780,871
(1,050)	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	(28,531)
786,308	**Balance at 31 March**	**752,340**

6.27 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 Authority 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 Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

2024-25 £'000		2025-26 £'000
(34,153)	**Balance at 1 April**	**(34,457)**
157,706	Remeasurements of the net defined benefit liability/(asset)	80,981
(156,739)	Effect of the Asset Ceiling	(88,226)
(34,426)	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	(25,199)
33,155	Employer's pensions contributions and direct payments to pensioners payable in the year	34,260
(34,457)	**Balance at 31 March**	**(32,641)**

6.28 Accumulated Absences Account

This account represents the cost of paid absence entitlement due but not taken at 31st March which is charged to the cost of services in the Comprehensive Income and Expenditure Statement and is reversed out in the Movement of Reserves Statement and charged to this account to comply with statutory requirements.

	2024-25 £'000	2025-26 £'000
Balance 1st April	(7,026)	(7,159)
Settlement or cancellation of preceding year's accrual	7,026	7,159
Accrual for current year	(7,159)	(6,241)
Balance 31st March	**(7,159)**	**(6,241)**

6.29 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows. This is made up of expenditure and income both within and outside of the cost of services in the Comprehensive Income and Expenditure Statement and reconciles to the surplus or deficit on the provision of services.

2024-25 £'000		2025-26 £'000
	Expenditure	
370,188	Employee Expenses	379,327
380,592	Other Service Expenses	385,853
35,286	Support Service Recharges	35,326
100,189	Depreciation & Similar Charges	126,759
90,093	Interest Payable & Similar Charges	105,209
48,713	Precepts & Levies	53,085
(298)	Gains/Losses on Disposal of Non Current Assets	345
1,024,763	**Total Expenditure**	**1,085,904**
	Income	
(195,285)	Fees, Charges & Other Service Income	(207,215)
(76,666)	Interest and Investment Income	(60,731)
(225,707)	Income from Council Tax & Net Proceeds from Non Domestic Rates	(241,576)
(537,578)	Grants and Contributions	(525,348)
(1,035,236)	**Total Income**	**(1,034,870)**
(10,473)	**(Surplus)/deficit on the provision of services**	**51,034**

6.30 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Hywel Dda University Health Board for the provision of an integrated community equipment store. The Authority and the Board have an agreement in place with the partners contributing funds to the agreed budget of £175,748 and £408,940 respectively.

Any additional funding together with any deficit or surplus arising on the pooled budget at the end of each financial year is agreed between partners.

6.31 Members Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2024-25 £	2025-26 £
Allowances	1,708,537	1,802,087
Expenses	31,361	29,698
Total	**1,739,898**	**1,831,785**

Further information on Members Allowances is available on the Authority's website www.carmarthenshire.gov.wales under Councillors Allowances.

6.32 Employee Emoluments

The numbers of employees (the majority of which are school based staff) whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2024-25	No. of Employees 2025-26	Left During 2025-26
£60,000 to £64,999	96	151	0
£65,000 to £69,999	80	85	2
£70,000 to £74,999	51	50	0
£75,000 to £79,999	26	52	3
£80,000 to £84,999	28	27	1
£85,000 to £89,999	6	18	0
£90,000 to £94,999	5	9	2
£95,000 to £99,999	4	1	0
£100,000 to £104,999	6	2	1
£105,000 to £109,999	11	13	0
£110,000 to £114,999	3	2	0
£115,000 to £119,999	1	3	0
£120,000 to £124,999	2	1	0
£125,000 to £129,999	1	2	0
£130,000 to £134,999	0	0	0
£135,000 to £139,999	0	1	0
Total No. of Employees	**320**	**417**	**9**

Remuneration value includes redundancy/termination payments (if received).

Included in the bandings above are eighteen teachers who are employed by voluntary aided/controlled schools. Five of which are shared between voluntary aided/controlled schools and non-voluntary aided/controlled schools.

If an employee is employed for fewer than the usual full-time hours but their grossed up remuneration exceeds £60,000 then they are also included in the bandings above.

The bandings above exclude the senior officers of the Authority's Management Team that are listed in detail in the following tables.

Senior Officers emoluments where salary is £150,000 or more per year

The following table sets out Senior Officers emoluments, together with pension contributions or equivalent payments, where salary is £150,000 or more.

Post		Salary (including fees & allowances) £	Pension contributions £	Expense Allowances £
Mrs S W Walters - Chief Executive & Returning Officer	24/25	176,899	33,633	0
	25/26	170,981	34,709	0
Mr J Morgan - Director of Communities and Deputy Chief Executive (i)	24/25	158,266	32,128	0
	25/26	38,162	7,747	0

Senior Officers emoluments where salary is between £60,000 & £150,000 per year

Post		Salary (including fees & allowances) £	Pension contributions £
Director of Place, Infrastructure & Economic Development	24/25	141,376	28,699
	25/26	148,482	30,142
Director of Corporate Services	24/25	143,878	29,207
	25/26	148,482	30,142
Director of Education, Children & Family Services (ii)	24/25	83,929	17,038
Director of Education and Leisure (ii)	24/25	62,256	12,638
	25/26	143,811	27,993
Director of Social Services and Housing (iii)	25/26	59,421	12,062

Included in the above are redundancy/termination payments (if received). No benefits in kind or bonus payments were made to the officers detailed in Senior Officers emoluments tables. No expense allowances were paid to Senior Officers where the salary is between £60,000 and £150,000 per year.

Senior Officers' salary figures include Returning Officer fees in respect of County Council and Town & Community Council elections.

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 20.3% for 2025/26 (20.3% for 2024/25) of pensionable pay has been used.

(i) The Director of Communities and Deputy Chief Executive resigned and left the authority on 06/07/2025.

(ii) The Director of Education, Children & Family Services retired on 31/10/2024. The new postholder commenced employment on 14/10/2024. The post has subsequently been renamed Director of Education & Leisure.

(iii) The Director of Social Services & Housing commenced employment on 27/10/2025.

The ratio of the Chief Executive's remuneration (excluding Returning Officer fees) to the median remuneration in Carmarthenshire County Council was as follows:

	2024-25	2025-26
Chief Executive's remuneration	£165,679	£170,981
Median remuneration of all employees	£30,257	£31,693
Ratio of the remuneration of the Chief Executive to the median remuneration of all employees	5.48 : 1	5.39 : 1

6.33 Exit Packages

During 2025/26 the Authority incurred expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs are detailed in the table below.

Exit package cost band (including special payments)	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	2024-25	2025-26	2024-25	2025-26	2024-25 £	2025-26 £
£0 - £20,000	5	6	3	8	8	14	43,625	115,977
£20,001 - £40,000	1	2	0	1	1	3	29,297	82,624
£40,001 - £60,000	0	0	1	2	1	2	54,403	106,166
£60,001 - £80,000	1	0	0	0	1	0	67,278	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	**7**	**8**	**4**	**11**	**11**	**19**	**194,603**	**304,767**

6.34 Audit Costs

In 2025/26 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2024-25 £'000	2025-26 £'000
Financial Audit Services	224	235
Performance Audit Services	119	125
Certification of Grant Claims & Returns	42	45
Burry Port Harbour Inspection	1	1
Total	**386**	**406**

6.35 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2024-25 £'000 (Restated)	2025-26 £'000
Credited to Services		
Education, Children & Family Services:		
Post 16 Education Provision	8,163	8,611
Children and Communities Grant	8,529	10,276
All Wales Play Opportunity Grant	664	567
Regional Integration Fund	53	56
LA Education Grant	32,069	30,119
Youth Support Grant	610	608
Shared Prosperity Fund (SPF)	1,793	0
Unaccompanied Asylum Seeker Children	2,000	1,800
Adult Social Services & Housing:		
Supporting People	9,621	10,770
Continuing Health Care Grant	812	812
Wanless Grant	767	668
Violence Against Women, Domestic Abuse & Sexual Violence	960	788
Regional Partnership Fund (RPF)	652	779
Regional Integration Fund	4,998	4,821
Homeslessness-No One Left Out	1,123	0
Workforce and Sustainability Grant	2,731	2,727
Highways & Transport Services:		
Concessionary Fares Subsidy	1,695	1,746
Local Transport Services Grant	3,240	3,722
Cultural, Environmental, Regulatory & Planning Services:		
Sustainable Waste Management Grant	671	639
Extended Producer Responsibility	0	3,559
Regional Skills Pilot	0	800
Shared Prosperity Fund (SPF)	22,718	9,842
Swansea Bay City Region	1,846	5,982
Children and Communities Grant	711	705
Sports Council for Wales	510	452
Central Services to the Public:		
Housing Benefit	35,192	25,155
Other Grants:		
Ukrainian Re-settlement Scheme	569	148
Other Grants - WG funded*	5,185	14,527
Other Grants	13,412	11,482
Total	**161,294**	**152,161**

* Comparative figures for 2024/25 for the Social Care Workforce Development Programme grant (£474K) and Elimating profit from care grant (£311k) have been reclassified as Other Grants – WG funded.

	2024-25 £'000	2025-26 £'000
Revenue Support Grant	**281,597**	**307,213**
General Government Grant	**9,178**	**1,399**
Capital Grants and Contributions		
Sustainable Communities for Learning Grant	8,185	5,168
Major Repairs Allowance	13,384	14,189
Transport Grants	7,504	5,597
General Capital Grant	4,517	7,906
Intermediate Care Fund (Housing with Care Fund)	4,704	4,310
Schools Maintenance Capital Grant	2,475	2,438
Energy Service Grant	316	2,424
Tourism Grant	2,945	835
Coastal Defence Grant	0	210
Strategic Waste Management Grant (SWM)	182	350
Levelling Up Fund	22,593	7,178
Shared Prosperity Fund (SPF)	2,671	2,223
Pride in place	0	750
Swansea Bay City Region	9,245	4,017
Other Grants & Contributions	6,788	6,980
Total	**85,509**	**64,575**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Revenue Grants Receipts in Advance	31 March 2025 £'000 (Restated)	31 March 2026 £'000
Social Services and Housing various *	47	0
Place and Infrastructure & Economic Development various *	297	582
Place and Infrastructure & Economic - Shared Prosperity Fund	0	867
Corporate Services various	0	26
Chief Exec - various	309	211
Education & Leisure various *	174	387
	827	**2,073**

* The 2024/25 figures have been restated to reflect the departmental changes that occurred during 2025/26.

6.36 Related Party Transactions

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

Central Government

Central Government has effective control over the general operations of the Authority – 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 (e.g. housing benefits). Grants received from government departments are set out in Note 6.35.

Dyfed Pension Fund

The Dyfed Pension Fund is administered by Carmarthenshire County Council. The Fund is overseen by a committee, membership of which is drawn from Carmarthenshire County Councillors, advised by an independent advisor. The Director of Corporate Services is also the Responsible Finance Officer of the Dyfed Pension Fund. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Pension Fund.

Transactions between the two bodies are detailed in Note 6.42. The Council charged the Pension Fund an amount of £1.5m (£1.3m in 2024/25) in respect of administration and support during 2025/26. Short Term Creditors (Note 6.19) includes an amount of £16.6m owed to the Dyfed Pension Fund at 31st March 2026 (£11.6m at 31st March 2025).

CWM Environmental Limited

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.12 under Long Term Investments. Following governance changes as outlined in Note 6.1.18, the Director of Place, Infrastructure & Economic Development was appointed as a company director of CWM Environmental. Furthermore, the Council's interest as shareholder is managed through a Shareholder Board, which comprises members of the Corporate Management Team as well as the Cabinet Member for Transport, Waste and Infrastructure.

CWM Environmental charged the Council an amount of £14.71m (£13.09m in 2024/25) in respect of waste services 2025/26. Short Term Creditors (Note 6.19) includes an amount of £2.73m owed to CWM Environmental at 31st March 2026 (£1.26m at 31st March 2025).

Details of the loans between the Authority and CWM Environmental Ltd are included in note 6.13 under Long Term Debtors.

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Cabinet Member for Climate Change, Decarbonisation and Sustainability is a board member. Details of investments are included in Note 6.12 under Long Term Investments.

Burry Port Marina Ltd (in administration)

In June 2023, the High Court appointed Administrators for Burry Port Marina Ltd, the company which leases and operates Burry Port Marina. Following this, the Authority entered into a funding agreement with the Administrators to enable the continued safe operation of the harbour during the period of administration. Due to this arrangement, it could be considered that the Authority had an element of control. During April 2025 the Administrators surrendered the Harbour lease to Carmarthenshire County Council with all staff transferring. A liquidator was appointed in June 2025. The Harbour has subsequently been operated by the Council and the Council is committed through its' Capital Programme to invest in improvements.

During 2025/26 the total amount paid by the Council to the Administrators was £87k, with the debtor balance outstanding at 31 March 2026 being £204k.

Cartrefi Croeso Cyfyngedig

Cartrefi Croeso Cyfyngedig is a housing company wholly owned by Carmarthenshire County Council. In previous years, the company had three directors, appointed by the Chief Executive in consultation with the Leader of the Council. In September 2021, Cabinet agreed to bring in-house all projects under development by the company and implement the legal process for the company to cease trading but be retained as a "dormant" company. This process has now been effected, all directors have now resigned and been replaced by the Council's Head of Housing for administrative purposes only. During the year Cartrefi Croeso settled all outstanding invoices due to the Council.

Llesiant Delta Wellbeing

Llesiant Delta Wellbeing is a company set up in 2017/18 to expand and grow the Careline service which is wholly owned by Carmarthenshire County Council. The Council exercises shareholder reserved matters through a shareholder governance group, which includes members of the Corporate Management Team, Cabinet Members and other Councillors.

A summary of Carmarthenshire County Council's transactions with Llesiant Delta Wellbeing is set out below:

	2023-24	**2024-25**
	£'000	**£'000**
Expenditure	7,253	5,625
Income	1,094	321

	2024	**2025**
Balances outstanding at 31 March:	**£'000**	**£'000**
Creditor	675	421
Debtor	71	30

The 2025/26 figures will follow post audit.

Expenditure includes payment to Llesiant Delta Wellbeing for the provision of Careline Services and Information, Advice and Assistance (IAA) to the Council, both for its own citizens and in fulfilment of contractual obligations which the Council has with third party customers, delivery of CONNECT project within the West Wales Care Partnership Regional Integration Fund as well as other projects with local partners.

Income includes the agreed cost of support services provided to Llesiant Delta Wellbeing provided by Council employees.

Wales Pension Partnership Investment Management Company

The Dyfed Pension Fund, which is administered by Carmarthenshire County Council, and the other seven Welsh LGPS funds each holds a 12.5% share in Wales Pension Partnership Investment Management Company Limited (Company number 16645479). The Dyfed Pension Fund advanced a contribution of £158,825 during 2025/26 to cover the initial set-up costs of the company. The Director of Corporate Services was appointed as a company director with 3 other Section 151 Officers and is a member of the transitionary board, until the formal Shareholders Board is established.

Members' Interests

The Authority has arrangements in place requesting Members and Officers to identify and disclose related party transactions.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2025/26 is shown in Note 6.31.

The Authority paid grants totalling £102k (£126k in 2024/25) to organisations in which twenty-eight members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Officers' Interests

Chief Executive

A close family member of the Chief Executive is working with W B Griffiths & Sons. During 2025/26, the Authority spent a total of £2,446k with the contractor (£2,092k in 2024/25). As at 31st March 2026 the outstanding creditor balance was £399k (£153k as at 31st March 2025).

Monitoring Officer

The Monitoring Officer jointly owns a rental property where the tenant is in receipt of housing benefit, which is administered by Carmarthenshire County Council. During 2025/26, the value of housing benefit was £0 (2024/25 £3,883).

Director of Social Services and Housing

A close family member of the Director of Social Services & Housing is working with Foothold Cymru. During 2025/26, the Authority made payments totalling £28k to the organisation (£83k in 2024/25). As at 31st March 2026 the outstanding creditor balance was £0k (£0k as at 31st March 2025).

6.37 Jointly Controlled Operations & Other Similar Arrangements

Wales Pension Partnership (WPP)

A Wales Investment Pool Operator has been appointed by the Wales Pension Partnership to manage the investments and the reduction of investment management expenses for all eight Wales pension funds. Carmarthenshire County Council is the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee of the Wales Pension Partnership. The Director of Corporate Services is also the Responsible Finance Officer of the Wales Pension Partnership. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Wales Pension Partnership.

The Council charged the Wales Pension Partnership an amount of £175k (£165k in 2024/25) in respect of administration and support during 2025/26.

	WPP 2025-26 Total £'000	
Expenditure	2,174	*
Income	(2,174)	
(Surplus)/Deficit for the year	0	
Current Assets	1198	
Current Liabilities	(1,198)	
Total assets less liabilities	0	

* Expenditure is shared equally between the eight LGPS Funds. The exception is when an External Advisor provides a service for specific LGPS Funds within the pool, these additional costs are shared equally between the respective Funds. The eight LGPS funds are:

Cardiff & Vale of Glamorgan Pension Fund
City and County of Swansea Pension Fund
Clwyd Pension Fund
Dyfed Pension Fund
Greater Gwent Pension Fund
Gwynedd Pension Fund
Powys Pension Fund
Rhondda Cynon Taf Pension Fund

The Dyfed Pension Fund and the other seven shareholders each holds a 12.5% share in Wales Pension Partnership Investment Management Company Limited (Company number 16645479). As such, no Fund is deemed to have a significant influence, and this long-term investment is accounted for at fair value. The asset is initially measured at cost and will be subsequently revalued for any impairment. The Fund advanced a contribution of £158,825 during 2025/26 to fund the initial set-up costs of the company.

Partneriaeth (formerly ERW)

Partneriaeth is an alliance of local authorities in South West Wales working to improve the standards of education of children and young people within the region, and is the successor organisation following the decision to dissolve ERW, its predecessor. The decision to establish Partneriaeth was taken in July 2020 and it was formally established April 2022 and operational from September 2021:

Detailed below is a summary of the draft Income and Expenditure Account and Balance Sheet for the year ended 31st March 2026.

	Partneriaeth 2025-26 Total	Partneriaeth 2025-26 CCC Share
	£'000	£'000
Expenditure	1,943	680
Income	(1,924)	(673)
(Surplus)/Deficit for the year	19	7
Current Assets	597	209
Current Liabilities	(76)	(27)
Total assets less liabilities	521	182
Reserves	(521)	(182)
Total Financing	(521)	(182)

Swansea Bay City Region (SBCR)

The Swansea Bay City Deal is a £1.458bn investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

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.

Detailed below is a summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2026:

	SBCR 2025-26 Total £'000
Expenditure	3,580
Income	(3,144)
(Surplus)/Deficit for the year	436
Current Assets	66,606
Current Liabilities	(4,267)
Total assets less liabilities	62,339
Reserves	62,339
Total Financing	62,339

West Wales Crematorium (Parc Gwyn, Narberth)

The Authority retains a 14% financial stake in the West Wales Crematorium, operated by Pembrokeshire County Council. Officers from both Local Authorities have been working together over the last year to regularise the historic decision taken to cease the joint committee, with an expectation that the position will be formalised during 2026/27. The surplus accrued which is due to the Carmarthenshire County Council has been calculated at 230k for 2024/25 on the basis of a 14% share. The 2025/26 amount is not yet available. Pending the formal agreement being concluded, this value has not been included within the assets recognised on Carmarthenshire’s balance sheet.

South West Wales Corporate Joint Committee

The Local Government and Elections (Wales) Act 2021 (“the LGE Act”) created the framework for a consistent mechanism for regional collaboration between local government, namely Corporate Joint Committees (CJCs).

The South West Wales Corporate Joint committee (SWWCJC) is intended to enable selected functions to be delivered more effectively and strategically at a regional level, making more efficient use of valuable resources. The SWWCJC has functions relating to strategic development planning and regional transport planning. They are also able to do things to promote the economic well-being of their areas. The SWWCJC was formally established on the 13th January 2022.

On 21st January 2025 the SWWCJC approved the 2025/26 budget which was set at £710,281 with a levy from each of the constituent authorities: Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. In respect of some functions, both Pembrokeshire Coast National Park and Brecon Beacons National Park are also members.

Detailed below is a summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2026:

	SWWCJC 2025-26 Total £'000
Expenditure	696
Income	(1,106)
(Surplus)/Deficit for the year	(410)
Current Assets	1,887
Current Liabilities	(301)
Total assets less liabilities	1,586
Reserves	1,586
Total Financing	1,586

6.38 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. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2024-25	2025-26
	£'000	£'000
Capital Investment		
Property, Plant and Equipment	131,248	102,321
Infrastructure	12,683	26,225
Investment Properties	417	3,443
Heritage Assets	16	118
Long Term Loans	4,831	6,554
Revenue Expenditure Funded from Capital under Statute	16,467	15,371
	165,662	154,032
Sources of Finance		
Capital Receipts	4,914	1,019
Government grants and other contributions	80,163	70,143
Grants unapplied reserve	9,325	20,125
Sums set aside from revenue	9,705	5,238
Direct revenue contributions	8,498	2,733
Borrowing	53,057	54,774
	165,662	154,032
Opening Capital Financing Requirement	**504,328**	**549,874**
Explanation of Movements in Year		
Adjustment to opening balance re IFRS 16	11,405	61
Adjusted Opening Capital Financing Requirement	515,733	549,935
Increase in underlying need to borrow (supported by government financial assistance)	2,611	2,413
Increase in underlying need to borrow (unsupported by government financial assistance)	31,530	33,216
Increase/(decrease) in Capital Financing Requirement	34,141	35,629
Closing Capital Financing Requirement	**549,874**	**585,564**

6.39 Leases

From 2024/25, the Authority has applied IFRS 16 Leases as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability were brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2026 are exempt from the new arrangements.

IFRS 16 was applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities were calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

A. Definition of a lease

On transition to IFRS 16, the Authority elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2025, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

B. The Authority as a lessee

Until 2023/24, as a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

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

The weighted average rate of the Incremental Borrowing Rate (IBR) / Interest Rate Implicit in the Lease (IRIL) is 4.6% across the Authority’s portfolio.

C. Authority as a lessor

The Authority is not required to make any adjustment under IFRS 16 for leases in which it acts as a lessor, except for authorities acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Authority is party to a lease for nil consideration.

The Authority is party to a finance lease for nil consideration and has derecognised the asset being provided to the third party, and recognised any unguaranteed residual value in accordance with the requirements of IFRS 16 as specified in the Code. This has been accounted for as an adjustment to the opening balance of reserves at 1 April 2024.

Authority as a lessee

Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Land and buildings £'000	Vehicles, plant and equipment £'000	TOTAL £'000
Balance at 1 April 2025	**5,487**	**4,227**	**9,714**
Additions	851	686	**1,537**
Revaluations	14	266	**280**
Depreciation and Amortisation	(999)	(4,460)	**(5,459)**
Disposals	(1)	(176)	**(177)**
Balance at 31 March 2026	**5,352**	**543**	**5,895**

Transactions under Leases:

The authority incurred the following expenses in relation to leases:

	2024-25 £'000	2025-26 £'000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	430	303
Expense relating to short-term leases	24	5
Expense relating to exempt leases of low-value items	475	286

Maturity analysis of lease liabilities

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

	31 March 2025 £'000	31 March 2026 £'000
Less than one year	3,770	1,834
One to five years	2,874	2,560
More than five years	2,538	2,275
Total undiscounted liabilities	**9,182**	**6,669**

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2024-25 £'000	2025-26 £'000
Not later than one year	1,242	1,308
Later than one year and not later than five years	3,037	2,979
Later than five years	22,277	17,364
	26,556	**21,651**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2025/26 £4,807 contingent rents were receivable by the Authority (£4,807 in 2024/25).

D. Sale-and-leaseback

The Authority did not have any Sale and Leaseback transactions as at 1 April 2025.

6.40 Impairment Losses

An assessment has been made at the year-end which indicates that there are no instances of impairment to the Authority's assets.

6.41 Pensions Schemes Accounted for as Defined Contribution Schemes

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

The scheme is technically a multi-employer defined benefit scheme. However it 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 Authority 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, £23.2m was payable by Carmarthenshire County Council to the Department for Education in respect of teachers' pension costs, which represents 28.68% of teachers and lecturers pensionable pay. The figures for 2024/25 were £22.4m and 28.68%. There was £1.95m remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £23.7m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2025/26 these amounted to £0.24m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

6.42 <u>Defined Benefit Pension Schemes</u>

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. Liabilities for these payments need to be disclosed at the time employees earn their future entitlement.

The Dyfed Pension Fund (the Fund) is a member of the Local Government Pension Scheme (LGPS). It is administered by Carmarthenshire County Council and is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Dyfed Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Dyfed Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee and are advised by an Independent Investment Adviser and officers of Carmarthenshire County Council.

The principal risks to the Authority 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 and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

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 is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge 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 Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

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

	2024-25 £'000	2025-26 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	32,800	23,157
Past Service Costs	0	62
Settlements and Curtailments	27	43
Financing and Investment Income and Expenditure		
Net Interest Expense	(8,721)	(19,967)
Interest on Asset Ceiling	10,320	21,904
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	34,426	25,199
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	37,216	(73,830)
Effect of the Asset Ceiling	156,739	88,226
Experience gain on liabilities	99	23,904
Actuarial gains and losses arising on changes in demographic assumptions	(3,210)	(14,447)
Actuarial gains and losses arising on changes in financial assumptions	(191,811)	(16,608)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	33,459	32,444
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(34,426)	(25,199)
Actual amount charged against the Council Fund Balance for pensions in the year:		
Employers' Contributions payable to Scheme	33,155	34,260

Changes in asset ceiling

	2024-25 £'000	2025-26 £'000
Asset ceiling impact at beginning of period	210,603	377,662
Interest on surplus above asset ceiling	10,320	21,904
Change in asset ceiling (net of interest)	156,739	88,226
Asset ceiling impact at end of period	**377,662**	**487,792**

Assets and Liabilities in Relation to Post-employment Benefits

Carmarthenshire County Council

Change in plan assets:

	2024-25 £'000	2025-26 £'000
Balance as at 1 April	1,485,502	1,511,189
Interest on plan assets	72,571	87,360
Experience gain on assets	(37,216)	73,830
Administration expenses	(738)	(962)
Settlements	0	0
Employer contributions	33,155	34,260
Contributions by scheme participants	11,555	12,110
Benefits paid	(53,640)	(56,351)
Balance as at 31 March	1,511,189	1,661,436
Effect of the Asset Ceiling	(377,662)	(487,792)

Change in benefit obligation:

	2024-25 £'000	2025-26 £'000
Balance as at 1 April	(1,309,052)	(1,167,984)
Current Service Cost	(32,800)	(23,157)
Interest cost	(63,112)	(66,431)
Contributions by scheme participants	(11,555)	(12,110)
Experience gain on liabilities	(99)	(23,904)
Actuarial gains and losses arising on changes in demographic assumptions	3,210	14,447
Actuarial gains and losses arising on changes in financial assumptions	191,811	16,608
Curtailments	(27)	(43)
Settlements	0	0
Benefits paid	53,640	56,351
Past service costs	0	(62)
Balance as at 31 March	(1,167,984)	(1,206,285)
Net Scheme (Liabilities)/Assets	**(34,457)**	**(32,641)**

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet reports a net asset or liability of zero. The Council's Actuary, Mercer Ltd, determined that the fair value of the council's pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset. IFRIC 14 and IAS 19 Employee Benefits require that, where a pension plan asset exists, it is measured at the lower of:

• The surplus in the defined benefit plan; and
• The asset ceiling, which is capped at £0

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculated asset ceiling for 2025/26 results in greater future service contributions than future service costs so the economic benefit is limited to zero. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

The Dyfed Pension Fund assets comprised:

		Quoted	**31 March 2025 £'000**	**31 March 2026 £'000**
Equities	UK	Yes	170,311	206,778
	Global	Yes	757,258	802,332
	Japan	Yes	58,936	0
	Emerging Markets	No	88,253	117,967
	European ex UK	Yes	20,250	22,284
Bonds	Global Credit	Yes	138,727	158,117
Property	Property Funds	No	157,768	215,784
Alternatives	SAIF	No	55,763	51,460
	Infrastructure	No	20,854	28,210
	Infrastructure	No	1,511	2,963
	Private Credit	No	27,957	36,222
	Forestry	No	0	9,042
Cash	Cash accounts	Yes	13,601	10,277
Total			**1,511,189**	**1,661,436**

Scheme History

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Present value of liabilities in the Local Government Pension Scheme	(1,894,891)	(1,285,685)	(1,309,052)	(1,167,984)	(1,206,285)
Fair value of assets in the Local Government Pension Scheme	1,392,785	1,346,392	1,485,502	1,511,189	1,661,436
Effect of the Asset Ceiling	0	0	(210,603)	(377,662)	(487,792)
Surplus/(deficit) in the scheme	**(502,106)**	**60,707**	**(34,153)**	**(34,457)**	**(32,641)**

The table shows the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The deficit of £32.6m relates to unfunded pension obligations which are excluded from the asset ceiling calculation.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2027 is £28.2m. Following the Dyfed Pension Fund's 2025 Actuarial Valuation the Authority's employer contribution rate for 2026-27 will be 12.5% (the employer contribution rate for 2025/26 was 16.2% based on the 2022 Actuarial Valuation).

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, returns on investments, future inflation etc. The Fund’s assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2025.

The main assumptions used in its calculations are shown below:

	2024-25 %	2025-26 %
Financial Assumptions:		
Rate of CPI inflation	2.6	2.9
Rate of increase in salaries	4.1	4.4
Rate of increase in pensions	2.7	3.0
Rate for discounting Fund liabilities	5.8	6.2

	2024-25 %	2025-26 %
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21.2
Women	23.9	23.6
Longevity at 65 for future pensioners:		
Men	22.9	22.4
Women	25.7	25.3

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable 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 credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation of the Scheme	
	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	24,908	(24,908)
Rate of inflation (increase or decrease by 0.25% p.a.)	40,181	(40,181)
Rate of increase in salaries (increase or decrease by 0.25% p.a.)	7,305	(7,305)
Rate of increase in pensions (increase or decrease by 0.25% p.a.)	40,181	(40,181)
Rate for discounting scheme liabilities (increase or decrease by 0.5% p.a.)	(76,480)	76,480
Change in 2025/26 investment returns (increase or decrease by 1%)	0	0

6.43 Contingent Liabilities

Until March 2023, the Authority acted as a collection agent on behalf of Dwr Cymru in respect of Housing Revenue Account (HRA) Tenants water and sewerage charges. In return for this service the Authority received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling during 2015/16 (Kim Jones versus London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. Traditionally this has been viewed as an agency arrangement, but the Court ruling concludes that the Authority concerned was acting as a water supplier, which has significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. As at 31st March 2026 we have not received any correspondence relating to potential claims.

Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority through the acceptance of “Policy Excesses” and the setting of “Indemnity Limits”. On Liability and Property Policies there is a “Stop Loss” which is the aggregate maximum exposure that the Authority could face provided the Indemnity Limit is not breached. The Indemnity Limit is set by the Insurer and is the maximum exposure that they are contracted to cover.

A number of insurance claims have been registered but not yet finalised. Where it is probable that costs will fall on the authority, expenditure has been recognised in the Comprehensive Income and Expenditure Statement and as a movement in the Insurance Provision (see note 6.20). It is possible that the Authority may incur costs relating to other registered claims or to claims that have yet to be submitted. Funds have been set aside in an Insurance Reserve (see note 6.22) for this purpose.

At the year-end there were a small number of employment claims against the authority that were unresolved. It is not possible to reliably estimate either the likelihood or value to the authority. No provision has therefore been made in these financial statements.

In November 2020, there was a court ruling regarding Guaranteed Minimum Pension (GMP) Equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETV’s) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, Government Actuary’s Department expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV was equalised. Whilst it is expected to represent a relatively small uplift for a relatively small subset of members, it is not possible to reliably estimate the likely costs. As such, no liability has been recognised in these financial statements.

In June 2023, the High Court ruled in the Virgin Media v. NTL Pension Trustees case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993, and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes that result in a detriment or benefit to scheme members. The judgement was appealed in June 2024 but the appeal was dismissed. For the Local Government Pension Scheme, the Government Actuary’s Department (GAD) does not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes following this judgement. Furthermore, the HM Treasury view is that relevant amendments to public service schemes would have been made by legislation, therefore remains valid until revoked/repealed by new legislation. As this is complex legal area, it remains an area of uncertainty, with an unknown impact on benefits if it were to be found to apply.

6.44 Financial Instruments

Disclosure Notes for Financial Liabilities, Financial Assets and Risk

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

	Long Term		Current	
	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000
Financial liabilities (principal amount)	407,129	421,438	8,704	12,690
Accrued Interest	0	0	2,452	2,539
Other accounting adjustments	110	0	0	0
Financial liabilities at amortised cost **Total borrowings**	**407,239**	**421,438**	**11,156**	**15,229**
Loans and receivables (principal amount)	0	0	8,172	1,305
Accrued Interest	0	0	825	0
Investments at amortised cost	0	0	8,997	1,305
Equity at Fair Value through other comprehensive income				
Unquoted equity investment at cost	1,009	929	0	0
Total investments	**1,009**	**929**	**8,997**	**1,305**

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets			
	Liabilities measured at amortised cost		Loans and Receivables at amortised cost		Totals	
	2024-25 £'000	2025-26 £'000	2024-25 £'000	2025-26 £'000	2024-25 £'000	2025-26 £'000
Interest expense	(16,661)	(16,874)	0	0	(16,661)	(16,874)
Impairment losses	0	0	0	0	0	0
Interest payable and similar charges	(16,661)	(16,874)	0	0	(16,661)	(16,874)
Interest Income	0	0	5,837	2,673	5,837	2,673
Interest and investment income	0	0	5,837	2,673	5,837	2,673
Net gain/(loss) for the year	**(16,661)**	**(16,874)**	**5,837**	**2,673**	**(10,824)**	**(14,201)**

Employee Car Loans

The authority makes loans for car purchase to employees in the authority who are in posts that require them to drive regularly on the authority's business. Interest is charged at 1% above base rate on the loans.

Employee Car Loans	31 March 2025 £'000	31 March 2026 £'000
Opening Balance	23	13
New Loans	0	0
Loans repaid	(10)	(7)
Closing Balance	13	6

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment 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;

- 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 principal outstanding or the billed amount;

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2025		31 March 2026	
	Carrying amount £'000	**Fair Value £'000**	**Carrying amount £'000**	**Fair Value £'000**
PWLB Debt	405,836	362,528	427,572	372,181
Non - PWLB debt	12,559	10,020	9,096	6,462
Total Financial Liabilities	**418,395**	**372,548**	**436,668**	**378,643**

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2025		31 March 2026	
	Carrying amount £'000	**Fair Value £'000**	**Carrying amount £'000**	**Fair Value £'000**
Money market loans < 1year	8,997	8,997	1,305	1,305
Money market loans > 1year	0	0	0	0
Total investments	8,997	8,997	1,305	1,305
Trade Debtors	35,457	35,457	43,593	43,593
Total Loans and Receivables	**44,454**	**44,454**	**44,898**	**44,898**

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair value of Public Works Loan Board (PWLB) loans of £372.181m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, the PWLB redemption interest rates.

However, the Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB, the PWLB Certainty rates. If a value is calculated on this basis, the carrying amount of £427.572m would be valued at £337.167m.

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – are unadjusted quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 Inputs – are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 Inputs – are unobservable inputs for the asset or liability

Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2025 £'000	31 March 2026 £'000
Fair Value through Other Comprehensive Income				
Equity shareholding in CWM Environmental Ltd	Level 3	At cost	329	329
Equity shareholding in Egni Sir Gar Cyfyngedig	Level 3	At cost	680	600
Total			**1,009**	**929**

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value.

Recurring fair value measurements using:	31 March 2025 Other significant observable inputs (Level 2) £'000	31 March 2025 Total £'000	31 March 2026 Other significant observable inputs (Level 2) £'000	31 March 2026 Total £'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB	362,528	362,528	372,181	372,181
NON PWLB	10,020	10,020	6,462	6,462
Total	**372,548**	**372,548**	**378,643**	**378,643**
Financial assets				
Loans and Receivables	8,997	8,997	1,305	1,305
Total	**8,997**	**8,997**	**1,305**	**1,305**

Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Authority'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 Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Revised editions of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses;

- by approving annually in advance prudential indicators for the following three years limiting:
    - The Authority's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures of the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Policy and Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported quarterly to Members. These policies are implemented by the Treasury and Pension Investments Section.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 26th February 2025 and is available on the Authority website. The Authority stayed within the Authorised Limit and Operational Boundary during the year.

The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy (which forms part of the Authority's Treasury Management Policy and Strategy Report), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Policy and Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The annual Treasury Management Strategy sets out the Counterparty list and limits. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in line with parameters set by the council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £26k 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. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default.

	Amount at 31 March 2026 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
Deposits with banks and financial institutions			
AAA rated counterparties	50,000	0.03	15.0
AA rated counterparties	13,500	0.02	2.7
A rated counterparties	21,500	0.04	8.6
Trade debtors	43,593	3.50	1,525.7
	128,593		**1,552.0**

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

Trade Debtors

The trade debtors figure of £43.593m shown above includes £33.438m which is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2025 £'000	31 March 2026 £'000
Less than three months	5,200	6,302
Three to six months	1,934	2,279
Six months to one year	4,188	6,073
More than one year	13,969	18,784
	25,291	**33,438**

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31st March 2026 was £2.138m.

Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management policy and strategy), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Refinancing and Maturity Risk

The Authority 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 Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved Treasury Management Policy and Strategy addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

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

The maturity analysis of financial liabilities is shown below together with the maximum and minimum exposures.

	2024-25			2025-26		
	Approved Maximum Limit	Approved Minimum Limit	31 March 2025	Approved Maximum Limit	Approved Minimum Limit	31 March 2025
	%	%	£'000	%	%	£'000
Less than one year	15	0	11,156	15	0	15,230
Between one and two years	15	0	12,690	15	0	13,290
Between two and five years	30	0	34,954	30	0	43,080
Between five and ten years	30	0	36,684	30	0	56,068
More than ten years	N/A	0	322,911	N/A	0	309,000
			418,395			**436,668**

The maturity analysis of financial assets is as follows:

	2024-25	2025-26
	£'000	£'000
Less than one year	8,997	1,305
Greater than one year	0	0
	8,997	**1,305**

All trade and other payables are due to be paid in less than one year and trade debtors of £43.593m are not shown in the table above.

Market Risk

Interest rate risk - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, 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 Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Council Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movements in Reserves Statement, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Policy and Strategy Report and the 5 year Capital Programme Report draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

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

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(660)
Increase in Government grant receivable for financing costs	314
Impact on Surplus or Deficit on the Provision of Services	(346)
Share of overall impact debited to the HRA	337
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**(9)**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**(37,739)**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Authority, excluding the pension fund, does not invest in equity shares. It therefore has no exposure to loss arising from movements in price.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

6.45 Accounting Standards that have been issued but have not yet been adopted

The CIPFA Code of Practice on Local Authority Accounting requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. At the balance sheet date, there are no relevant standards or amendments to existing standards that have been published but not yet been adopted by the Code that will have any impact on the financial statements. The following details have been provided for information purposes.

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.

As the Code requires implementation of these standards after 1st April 2026 there is no impact on the 2025/26 Statement of Accounts.

6.46 Events after the Reporting Period

The statement of accounts was authorised for issue by the Director of Corporate Services on 2 July 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7 HOUSING REVENUE ACCOUNT (HRA)

7.1 HRA Income and Expenditure Statement

2024-25 £'000		Note	2025-26 £'000
	Expenditure		
	Repairs and Maintenance		
14,141	- Responsive		19,774
3,648	- Planned/Cyclical		2,790
2,543	- Voids		2,870
14,763	Supervison and Management		14,338
1,663	Central Support Charges		1,698
1,549	Rents, Rates Taxes and other charges		1,916
318	Movement in the allowance for Bad Debts		375
26,195	Depreciation and Impairment of non current assets	8.6	50,420
0	Revenue Expenditure funded from Capital under Statute		0
43	Debt Management Costs		44
64,863	**Total Expenditure**		94,225
	Income		
(51,859)	Dwelling rents	8.1	(52,458)
(145)	Non-Dwelling Rents		(132)
(30)	Leaseholders		(20)
(1,031)	Service Fees	8.2	(1,209)
(882)	Grants		(1,565)
(963)	Other Income		(1,192)
0	Commission - Water Rates		
(54,910)	**Total Income**		(56,576)
9,953	**Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement**		**37,649**
344	HRA services' share of Corporate and Democratic Core		353
10,297	**Net (Income)/cost for HRA Services**		**38,002**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(84)	(Gain) or loss on the sale of HRA Non Current Assets		676
10,207	Interest Payable and similar charges		10,929
(552)	Interest and Investment Income		(442)
75	Net interest on the net defined benefit liability (asset)		88
(16,621)	Capital grants and contributions receivable		(18,766)
3,322	**(Surplus) or Deficit for the year on HRA Services**		**30,487**

7.2 Movement on the HRA Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2024-25 £'000		Note	2025-26 £'000	2025-26 £'000
(11,996)	Balance on the HRA at the end of the previous year			(10,939)
3,322	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		30,487	
73	Adjustments between accounting basis and funding basis under statute	7.3	(25,942)	
3,395	Net Increase or (decrease) before transfers to or from reserves		4,545	
(2,338)	Transfers (to) or from reserves	7.4	(4,775)	
1,057	(Increase) or decrease in year on the HRA			(230)
(10,939)	**Balance on the HRA at the end of the current year**			**(11,169)**

7.3 Adjustments between accounting basis and funding basis under statute

2024-25 £'000		2025-26 £'000
0	Amortisation of Premiums and Discounts	0
87	Transfers to / (from) Accumulated Absences Account	98
85	Gain or loss on sale of HRA noncurrent assets	(675)
(209)	HRA share of contributions to or from the Pensions Reserve	283
4,795	Capital expenditure funded by the HRA	859
(4,685)	Transfer to / from the Capital Adjustment Account	(26,507)
73		**(25,942)**

7.4 Transfers to or (from) Earmarked Reserves

2024-25				2025-26		
£'000 Trfs from	£'000 Trfs to	£'000 Net		£'000 Trfs from	£'000 Trfs to	£'000 Net
(131)	212	81	Insurance Reserve	(110)	213	103
(2,419)	0	(2,419)	Social Services & Housing Operational Account	(4,878)	0	(4,878)
(2,550)	**212**	**(2,338)**		**(4,988)**	**213**	**(4,775)**

8 NOTES TO THE HRA INCOME AND EXPENDITURE STATEMENT

Introduction

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the Council Fund, so that rents cannot be subsidised from council tax (or vice versa).

8.1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. For 2025/26 this totalled £52.5m (£51.9m for 2024/25). At the 31st March 2026 3.5% of lettable properties were vacant (2.27% at 31st March 2025). Average rents were £107.93 a week in 2025/26 (£105.21 in 2024/25).

8.2 Charges for Services & Facilities

This represents the income of the Authority from charges for services and facilities etc in connection with the provision of houses and other property within the account. This totalled £1.23m in 2025/26 (£1.06m in 2024/25).

8.3 Housing Stock

The Council was responsible for managing on average 9,430 dwellings during 2025/26 (9,390 in 2024/25). The stock at 31st March was as follows:

	2024-25	2025-26
Houses	5,176	5,187
Flats / Maisonettes / Bedsits	2,049	2,068
Bungalows	2,188	2,191
	9,413	**9,446**

The change in stock can be summarised as follows:

	2024-25	2025-26
Opening Stock as at 1 April	9,366	9,413
Sales	0	0
Demolitions/Deactivated	0	(1)
New Building/Acquisitions/Conversions	47	34
Closing Stock as at 31 March	**9,413**	**9,446**

8.4 Rent Arrears

	As at 31 March 2025 £'000	As at 31 March 2026 £'000
Arrears	3,062	3,416
Arrears as a percentage of Gross Rent Income	5.85%	6.45%

There is a 0.5% year on year increase of current tenants rent arrears as a percentage of gross collectable rent debit. Performance is outside margins of what is considered good practice level (2%) at 4.1%. There is a 0.14% year on year increase in former tenants rent arrears as a percentage of gross collectable rent debit. This is 0.3% increase after allowing for the £223k write-offs in 2025/26 (£275k in 2024/25).

Provision for Bad Debts at 31st March 2026 was £1,496,582 for rent (£1,382,074 at 31st March 2025).

8.5 Capital Expenditure

Capital Expenditure in 2025/26 on HRA land and dwellings totalled £42.143m (£38.650m in 2024/25).

	2024-25	2025-26
Funded by :	**£'000**	**£'000**
Major Repairs Allowance	7,976	8,253
Borrowing	16,971	22,406
Capital Receipts - Sales of Dwellings/Land	85	112
External Funding	8,319	10,027
Section 106 Income	504	486
Direct Revenue Financing	4,795	859
	38,650	**42,143**
Spent on:		
Dwellings	38,125	40,740
Land	0	0
Other	525	1,403
	38,650	**42,143**

8.6 Depreciation

Depreciation and Impairment losses have been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken on the 1st April 2025.

Depreciation and Impairment Losses:

	2024-25 £'000	2025-26 £'000
Depreciation	15,214	14,543
Revaluation losses & impairments	10,832	35,687
Depreciation ROU Assets	149	190
	26,195	**50,420**

Revaluation losses and impairments were incurred on:

	2024-25 £'000	2025-26 £'000
Dwellings	6,555	35,670
Land	0	17
Other	4,277	0
	10,832	**35,687**

9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

Carmarthenshire's balance of the fund as at 31st March 2026 was £2.001m (£1.851m as at 31st March 2025).

10 TRUST FUNDS 2025/26

The Authority operates trust funds for Education Services, Cultural Services and Social Services. These represent total net assets of £1,021k as at 31st March 2026 (£984k as at 31st March 2025).

11 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS

11.1 Residents Safekeeping

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31st March 2026 was £700,369 (£687,252 as at 31st March 2025) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

11.2 Safe Custody Accounts

The Communities Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Communities is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31st March 2026 was £1,298,333 (£1,365,248 as at 31st March 2025) and this reflects the amount of money held by the Authority on behalf of its service users.

11.3 Amenity Funds & Staff Benefit Accounts

Amenity funds represent funds held on behalf of establishments such as day centres, residential homes and children's centres/playgroups. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients.

Staff Benefit Accounts represent funds held on behalf of staff working within particular establishments. Income is derived from donations received from families of clients and bequests from the estate of deceased clients. Payments are for items that benefit all staff working in a particular establishment.

The balance on these accounts at 31st March 2026 was £139,702 (£151,676 at 31st March 2025).

11.4 Managed Accounts – Direct payments

Direct Payments allow service users to receive cash payments from the local authority instead of care services. This can allow the service user more flexibility and control of their support package. Accounts are managed by a team in the Communities Department providing support services and advice to recipients of direct payments including managed banking and payroll services for the Personal Assistants providing care.

The balance on 31st March 2026 was £3,464,006 on behalf of service users. The balance on 31st March 2025 was £3,354,634.

11.5 School Fund Accounts

Most schools hold accounts managed by school employees but not part of the school delegated budget and outside of the definition of public money.

The total balance held across the schools on 31st March 2026 was £3,241,737. The balance on 31st March 2025 was £3,425,232.

12 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

<u>General</u>

Accrual
An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Assets Held for Sale
These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

Audit
An audit is an independent examination of our activities.

Audit Wales
An independent body led by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

Balance
The surplus or deficit on any account at any point in time.

Balance Sheet
This is a statement of our assets, liabilities and other balances at the end of the financial year.

Bid Price
The price that a third party would pay the scheme in an arm's length transaction for the investment.

Billing Authority
A local authority responsible for collecting the council tax and non-domestic rates.

Budget
A budget is a spending plan, usually for the following financial year.

Capital Expenditure
Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

Capital Receipt
These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

Council Fund
The main revenue fund of the local authority. Day to day spending on services is met from this fund.

Council Tax
The main source of local taxation to local authorities. Council tax is levied on households within its area by the Billing Authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

Creditor
A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets
These are short-term assets that are available for the Authority to use in the following accounting year.

Current Liabilities
These are short-term liabilities that are due for payment by the Authority in the following accounting year.

Debtor
A debtor is someone who owes money to the Authority at the end of the financial year.

Depreciation
Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

Direct Revenue Financing
Resources provided from an authority's revenue budget to finance the cost of capital projects.

Earmarked Reserves
These are reserves that have been set aside for a specific purpose.

Fees And Charges
Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

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

Gross Expenditure
The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

Heritage Assets
Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

Housing Benefit
An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

Housing Revenue Account (HRA)
This account contains all our housing income and expenditure.

IFRS
International Financial Reporting Standard.

IFRIC
International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

Investment Properties
These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

Liability
A liability is an amount due and payable at some time in the future.

Minimum Revenue Provision (MRP)
This is the amount the Authority has to set aside to repay loans.

National Non-Domestic Rates (NNDR)
The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

Net Realisable Value
The selling price of the asset reduced by the relevant costs of selling it.

Operating Leases
A means by which capital items are bought.
These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)

The Current Service Costs - the value of the increase in liabilities for active members as a result of their service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

Employer Contributions - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

Past Service Costs - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

Interest Costs - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

Interest on Pension Assets – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

Remeasurements (assets) – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuation will also be included within remeasurements.

Remeasurements (liabilities) – Remeasurements (liabilities) can be sub-divided into 'Changes in actuarial assumptions' and 'Experience (gains) losses on liabilities'. 'Changes in actuarial assumptions' is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.

Gains or Losses on Settlements or Curtailment - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

Pension Fund
The fund maintained to meet pension payments on the retirement of participants.

Precepting Authorities
Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Town & Community Councils.

Precepts
This is the amount that the Authority levy/pay to a Non-Billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

Property, Plant and Equipment
These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

Provision
Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudential Code
The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

Public Works Loan Board (PWLB)
This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

Reserve
Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

Revenue Account
This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Revenue Support Grant
The main grant paid by Welsh Government to support the local authority budget.

Securities
These are investments such as stocks, shares and bonds.

SeRCoP
Service Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCoP as it defines best practice in terms of financial reporting.

Inventories
Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

Subjective Analysis
An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and transport expenses. Income includes government grants and fees and charges.

Variance
The difference between actual expenditure and budget - expressed in cash or percentage terms.