

# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga

Dydd Mawrth, 21 Chwefror 2023

Dear Cynghorwyr,

## CABINET

Gofynnir i chi fynychu cyfarfod **Cabinet** a gynhelir yn **Steve Greenslade Room, County Hall, Usk** ar **Dydd Mercher, 1af Mawrth, 2023**, am **5.00 pm**.

## AGENDA

1. Ymddiheuriadau am absenoldeb
2. Datganiadau o Fuddiant
3. Cyllidebau Refeniw a Chyfalaf 2023/24 – Cynigion terfynol yn dilyn y craffu a'r ymgynghoriad cyhoeddus 1 - 240

Rhanbarthau/Wardiau Sy'n Cael Eu Heffeithio: Pob un

Pwrpas: Diweddarau'r Cabinet ar yr ymatebion a ddaeth o'r ymgynghoriad i'r cynigion cyllideb drafft a gyhoeddwyd ar 18fed Ionawr, a hynny o ran y Cyllidebau Refeniw a Chyfalaf ar gyfer 2023/24.

Yn gwneud argymhellion i'r Cyngor ar y Cyllidebau Refeniw a Chyfalaf 2023/24 a lefel y Dreth Gyngor ar gyfer 2023/24.

Yn derbyn adroddiad statudol y Swyddog Ariannol Cyfrifol ar y broses gyllideb a digonolrwydd yr arian wrth gefn.

Yn derbyn cyfrifiadau Dangosydd Darbodus y Swyddog Ariannol Cyfrifol ar gyfer ariannu cyfalaf.

Awduron: Peter Davies – Dirprwy Brif Weithredwr (Swyddog A151); Jonathan Davies – Pennaeth Cyllid (Dirprwy Swyddog A151)

Manylion Cyswllt: [peterdavies@monmouthshire.gov.uk](mailto:peterdavies@monmouthshire.gov.uk);  
[jonathandavies2@monmouthshire.gov.uk](mailto:jonathandavies2@monmouthshire.gov.uk)

4. 2023/24 CRONFA YMDDIRIEDOLAETH FFERM YSGOL SIR FYNWY A BUDDSODDIAD A STRATEGAETHAU CRONFA YMDDIRIEDOLAETH YR EGLWYS YNG NGHYMRU 241 - 286

Rhanbarthau/Wardiau Sy'n Cael Eu Heffeithio: Pob un

Pwrpas: Cyflwyno i'r Cabinet ar gyfer eu cymeradwyo'r strategaeth

Buddsoddi a Chronfeydd ar gyfer y Cronfeydd Ymddiriedolaeth y mae'r Awdurdod yn gweithredu fel yr ymddiriedolwr unigol neu geidwad.

Yn cymeradwyo dyraniad grant 2023/24 ar gyfer buddiolwyr yr Awdurdod Lleol sydd yn dod o Gronfa'r Eglwys yng Nghymru.

Awduron: Dave Jarrett – Uwch Gyfrifydd Cymorth Busnes; Nicola Wellington – Rheolwr Cyllid Plant a Phobl Ifanc

Manylion Cyswllt: [davejarrett@monmouthshire.gov.uk](mailto:davejarrett@monmouthshire.gov.uk)

5. MONITRO'R CYLLIDEBAU REFENIW A CHYFALAF 2022/23 - RHAGOLYGN MIS 9 287 - 340

Rhanbarthau/Wardiau Sy'n Cael Eu Heffeithio: Pob un

Pwrpas: Pwrpas yr adroddiad hwn yw darparu gwybodaeth i Aelodau ar ragolygon ariannol yr Awdurdod ar gyfer blwyddyn ariannol 2022/23 ar gyfer y gyllideb refeniw, rhaglen gyfalaf a'r sefyllfa o ran yr arian wrth gefn.

Awdur: Jonathan Davies, Pennaeth Cyllid (Dirprwy Swyddog A151)

Manylion Cyswllt: [jonathandavies2@monmouthshire.gov.uk](mailto:jonathandavies2@monmouthshire.gov.uk)

6. ECO4 Flex – Llwybr Gweithredu Arfaethedig ar gyfer Sir Fynwy 341 - 358

Rhanbarthau/Wardiau Sy'n Cael Eu Heffeithio: Pob un

Pwrpas: Pwrpas yr adroddiad hwn yn gofyn am gytundeb i ddatgan bwriad i ganiatáu'r Cyngor i gymryd rhan yn y cynllun Rhwymedigaeth Cwmni Ynni sydd yn cael ei adnabod fel ECO4 ac ECO4 Flex.

Awduron: Frances O'Brien – Prif Swyddog Cymunedau a Lleoedd  
Cath Fallon – Pennaeth mentergarwch ac Animeiddio Cymunedol  
Debra Hill-Howells - Pennaeth Datgarboneiddio a Thrafnidiaeth

Manylion Cyswllt: [francesobrien@monmouthshire.gov.uk](mailto:francesobrien@monmouthshire.gov.uk)

Yours sincerely,

**Paul Matthews**  
Chief Executive

**PORTFFOLIOS CABINET**

<b>Cynghorydd Sir</b>	<b>Maes Cyfrifoldeb</b>	<b>Ward</b>
Mary Ann Brocklesby	<p><b>Arweinydd</b> Swyddogion Arweiniol – Paul Matthews, Matthew Gatehouse</p> <p>Stratgaeth a Chyfeiriad yr Awdurdod Cyfan Adolygiad a gwerthusiad o berfformiad yr Awdurdod Cyfan Cabinet Cyfun Prifddinas-Ranbarth Caerdydd Gweithio rhanbarthol Perthynas gyda'r Llywodraeth CLILIC, LGA a'r Bwrdd Gwasanaethau Cyhoeddus</p>	Llanelly
Paul Griffiths	<p><b>Aelod Cabinet ar gyfer Economi Gynaliadwy a'r Dirprwy Arweinydd</b> Swyddog Arweiniol – Frances O'Brien</p> <p>Dygnwch economaidd a ffocws ar Gynaliadwyedd gan weithio tuag at economi sylfaenol Cynllun Datblygu Lleol a Chynllun Datblygu Strategol Buddsoddi a Stiwardiaeth o ran Canol Trefi a Chymdogaethau Rheoli Datblygu a Rheoli Adeiladu Sgiliau a Chyflogaeth gan gynnwys swyddi gwyrdd a phrentisiaethau Bandeang Safonau masnach, Iechyd Amgylcheddol, Iechyd Cyhoeddus, Trwyddedi</p>	Chepstow Castle & Larkfield
Rachel Garrick	<p><b>Aelod Cabinet ar gyfer Adnoddau</b> Swyddogion Arweiniol – Peter Davies, Frances O'Brien, Matthew Phillips, Jane Rodgers</p> <p>Cyllid Datblygu a chynnig y gyllideb i'r Cyngor Technoleg ddigidol a technoleg gwybodaeth Adnoddau Dynol, y Gyflogres, Iechyd a Diogelwch Caffael Strategol – hyrwyddo lleoliaeth Tir ac Adeiladau Cynnal a chadw a rheoli eiddo Cynllunio Brys/Argyfwng</p>	Castell Cil-y-coed

Martyn Groucutt	<p><b>Aelod Cabinet ar gyfer Addysg</b> Swyddogion Arweiniol – Will McLean, Ian Saunders</p> <p>Addysg Blynyddoedd Cynnar Addysg statudol ar gyfer pob oedran Anghenon dysgu ychwnageol / Cynhwysiant Addysg ôl-16 ac addysg oedolion Safonau a Gwelliannau Ysgolion Dysgu Cymunedol Rhaglen Ysgolion ar gyfer yr unfed ganrif ar hugain Gwasanaethau Ieuentid</p>	Lansdown
Sara Burch	<p><b>Aelod Cabinet ar gyfer Cymunedau Cynhwysol a Byw</b> Swyddogion Arweiniol – Frances O'Brien, Ian Saunders, Jane Rodgers, Matthew Gatehouse</p> <p>Strategaeth Tai Fforddiadwy Digartrefedd Diogelwch Cymunedol Teithio Llesol Canolfannau Hamdden Chwarae a Chwaraeon Gwybodaeth i Dwrystiaid, Amgueddfeydd, Theatrau ac Atyniadau</p>	Cantref
Tudor Thomas	<p><b>Aelod Cabinet ar gyfer Gofal Cymdeithasol, Diogelu a Gwasanaethau Iechyd Hygyrch</b> Swyddog Arweiniol – Jane Rodgers</p> <p>Gwasanaethau Plant Maethu a mabwysiadu Gwasanaethau Troseddu Ieuentid Gwasanaethau Oedolion Diogelu ar draws yr Awdurdod Cyfan (plant ac oedolion) Anableddau Iechyd meddwl a llesiant Perthynas gyda'r darparwyr iechyd a mynediad at ddarpariaeth iechyd Yr iaith Gymraeg</p>	Park
Catrin Maby	<p><b>Aelod Cabinet ar gyfer Newid Hinsawdd a'r Amgylchedd</b> Swyddogion Arweiniol – Frances O'Brien, Matthew Gatehouse</p> <p>Datgarboneiddio Cynllunio Trafnidiaeth Cynhyrchu bwyta a chaffael bwyd lleol gan gynnwys amaeth-goedwigaeth a garddwriaeth leol Cynllunio'r rhwydwaith traffig Trafnidiaeth Gyhoeddus Priffyrdd gan gynnwys cefnffyrdd</p>	Drybridge

	<p>Palmentydd a'r lonydd cefn  Lliniaru rheoli ac adferiad yn dilyn llifogydd, ansawdd  dŵr afonydd  Rheoli gwastraff  Gofalu am y strydoedd, sbwriel a manau cyhoeddus  Cefn gwlad, Bioamrywiaeth a hawliau tramwy  cyhoeddus gan gynnwys parciau a manau agored  Cyfleusterau Cyhoeddus  Rheoli'r Fflyd</p>	
Catherine Fookes	<p><b>Aelod Cabinet ar gyfer Cydraddoldeb ac Ymgysylltu</b></p> <p>Swyddogion Arweiniol – Frances O'Brien, Matt Phillips,  Matthew Gatehouse</p> <p>Anghydraddoldeb cymunedol (iechyd, incwm, maetheg,  anfantais, gwahaniaethu, arwahanrwydd)  Budd-daliadau  Hyrwyddo democratiaeth ac ymgysylltu dinasyddion  Hybiau Cymunedol a'r Canolfan Gyswllt  Gwasanaethau i gwsmeriaid a phrofiadau dinasyddio  Cyfathrebu, cysylltiadau cyhoeddus, marchnata  Gweithio gyda mudiadau gwirfoddol  Gwasanaeth Cofrestryddion  Gwasanaethau Etholiadol  Adolygu'r Cyfansoddiad  Moeseg a Safonau  Ffoaduriaid</p>	Y Dref

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

### Amcanion y gweithiwn tuag atynt

- Rhoi'r dechrau gorau posibl mewn bywyd i bobl
- Sir lewyrchus a chysylltiedig
- Cynyddu i'r eithaf botensial yr amgylchedd naturiol ac adeiledig
- Llesiant gydol oes
- Cyngor gyda ffocws ar y dyfodol

## Ein Gwerthoedd

**Bod yn agored.** Rydym yn agored ac yn onest. Mae pobl yn cael cyfle i gymryd rhan mewn penderfyniadau sy'n effeithio arnynt, dweud beth sy'n bwysig iddynt a gwneud pethau drostynt eu hunain/eu cymunedau. Os na allwn wneud rhywbeth i helpu, byddwn yn dweud hynny; os bydd yn cymryd peth amser i gael yr ateb, byddwn yn esbonio pam; os na allwn ateb yn syth, byddwn yn ceisio eich cysylltu gyda'r bobl a all helpu - mae adeiladu ymddiriedaeth ac ymgysylltu yn sylfaen allweddol.

**Tegwch.** Darparwn gyfleoedd teg, i helpu pobl a chymunedau i ffynnu. Os nad yw rhywbeth yn ymddangos yn deg, byddwn yn gwrando ac yn esbonio pam. Byddwn bob amser yn ceisio trin pawb yn deg ac yn gyson. Ni allwn wneud pawb yn hapus bob amser, ond byddwn yn ymrwmo i wrando ac esbonio pam y gwnaethom weithredu fel y gwnaethom.

**Hyblygrwydd.** Byddwn yn parhau i newid a bod yn hyblyg i alluogi cyflwyno'r gwasanaethau mwyaf effeithlon ac effeithiol. Mae hyn yn golygu ymrwymiad gwirioneddol i weithio gyda phawb i groesawu ffyrdd newydd o weithio.

**Gwaith Tîm.** Byddwn yn gweithio gyda chi a'n partneriaid i gefnogi ac ysbrydoli pawb i gymryd rhan fel y gallwn gyflawni pethau gwych gyda'n gilydd. Nid ydym yn gweld ein hunain fel 'trefnwyr' neu ddatrysyr problemau, ond gwnawn y gorau o syniadau, asedau ac adnoddau sydd ar gael i wneud yn siŵr ein bod yn gwneud y pethau sy'n cael yr effaith mwyaf cadarnhaol ar ein pobl a lleoedd.

**Caredigrwydd** – Byddwn yn dangos caredigrwydd i bawb yr ydym yn gweithio gyda nhw, gan roi pwysigrwydd perthnasoedd a'r cysylltiadau sydd gennym â'n gilydd wrth wraidd pob rhyngweithio.



## REPORT

<b>SUBJECT:</b>	<b>Revenue and Capital Budget 2023/24 – Final proposals following scrutiny and public consultation</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>1<sup>st</sup> March 2023</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

### 1. PURPOSE:

- 1.1 To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 18<sup>th</sup> January in respect of the Capital and Revenue budgets for 2023/24.
- 1.2 To make recommendations to Council on the Capital and Revenue budgets and level of Council Tax for 2023/24.
- 1.3 To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.
- 1.4 To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.

### 2. RECOMMENDATIONS:

- 2.1 That Cabinet considers the responses to consultation and recommends to Council:
  - a) The 2023/24 revenue budget as attached in **Appendix G2**.
  - b) The 2023/24 to 2026/27 capital programme as attached in **Appendix H1**.
- 2.2 That a 5.95% increase in the Band "D" equivalent Council Tax is used as the planning assumption in the budget model and to apply for County purposes for 2023/24, and that Cabinet asks that efforts are doubled to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them.
- 2.3 That Cabinet approves changes to proposed saving and pressures, updated following public consultation, scrutiny and more up to date information being made available since the draft proposals were released on consultation on 18<sup>th</sup> January 2023.
- 2.4 That Cabinet approves the proposed changes to the capital programme and that significantly include additional highways capital investment of £0.5m for 2023/24 and a further £1.5m over indicative capital budgets from 2024/25 to 2026/27.
- 2.5 That Cabinet recommends to Council the undertaking of a review of property assets, to identify assets which are under-utilised, where costs can be reduced, income increased and sites re-purposed or redeveloped to meet the objectives set out in the Community and Corporate Plan.
- 2.6 That Cabinet considers the Responsible Financial Officer's report on the robustness of the budget process and the adequacy of reserves issued under the provisions of the Local

Government Act, 2003, together with an assessment of the current and future financial risks facing the Council.

- 2.7 That Cabinet adopts the Responsible Financial Officer's report on Prudential Indicators.
- 2.8 That Cabinet requests that:
- a) More regular budget monitoring and scrutiny is now undertaken, and with the monitoring and reporting of budget savings being strengthened in acknowledgement of the deliverability risk involved.
  - b) A financial strategy is developed and that is accompanied by a medium-term financial plan (MTFP) that looks to put the Council onto a secure and sustainable path going forward.
  - c) Regular review is undertaken of the MTFP to ensure it remains up to date, and that it includes an assessment of evidence-based pressures and risks, underlying modelling assumptions and the ongoing affordability implications of the Community and Corporate Plan.

### **3. KEY ISSUES:**

#### **BUDGET CONTEXT**

- 3.1 Councils are facing financial challenges on an unprecedented scale. It is widely acknowledged that local government funding has not kept pace with service demand and inflationary pressures.
- 3.2 The size of the budget challenge for Monmouthshire for 2023/24, prior to any intervention, was over £26m with the cost of delivering existing services increasing by 14%. Income and funding has increased by 9% (£16m) to meet some of these costs, but the Council has still been left to find savings of 5% (£10m) from services.
- 3.3 Cabinet released its draft budget proposals on consultation following its meeting on 18<sup>th</sup> January. The feedback received from public consultation and member scrutiny is shown below and appended to this report.
- 3.4 Cabinet has listened carefully to the feedback received and is acting upon the concerns raised. The scope to reduce the level of savings or to generate additional income through council tax or fees is very limited. However, Cabinet has worked hard to extend further the limited flexibility available and as a result is proposing to make a limited number of adjustments in response to the concerns of the public.
- 3.5 Given the scale of the challenge it was inevitable that council tax needed to rise, although at a rate well below inflation. Council tax is a key source of income that allows the council to sustain services that meet the needs of residents and in particular those who are most vulnerable.
- 3.6 Following consultation feedback Cabinet considered whether a modest reduction to the council tax increase was appropriate. However, it was felt that the consequential impact and risk that this could have through requiring an increased level of savings to be made in services that provide for the most vulnerable was too high. Notwithstanding that the council tax reduction scheme, which offers mitigation for those on low incomes and those in receipt of benefits, will still be in place and single person households are also eligible for a 25% reduction on council tax.



- 3.7 Cabinet will double its efforts to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them. Take-up will be monitored through the year. There are currently 5,522 (12.7%) council tax payers benefitting from the council tax reduction scheme, and 14,612 (34.2%) in receipt of single person discount.
- 3.8 Cabinet is committed to making changes which improve the way in which social care is delivered but it recognises that there are risks in attempting to make those changes too quickly. Having listened to the concerns expressed it is proposed that the level of savings that can be met next year is reduced and a further £1million put back into the budget. This does not alter the commitment to change and improvement, it reflects only the timescale over which changes will occur. Steps are being taken to ensure that there is tight budgetary control and monitoring to support the directorate as the process of change and re-design evolves.
- 3.9 In adult social care it is important to highlight that savings proposed look to ensure care is provided only where it is needed and at the right time. Overall, practice will be strengthened in accordance with the SSWBA to ensure that there is consistency and equity with regards to how care is provided. This will include a re-focus on how early help, prevention and reablement approaches are maximised using statutory care alongside of existing family and community strengths. At the same time ensuring that resources are used carefully and wisely by expanding options for how care is provided, with affordability and value for money being as important as quality of outcomes for people. We will proactively pursue additional funding opportunities to support service design and where it serves us well to do so, work in partnership with others.
- 3.10 Within Children's Services budget savings focus on the development of in-house placement solutions for children who need care, with a maintained emphasis on building in-house preventative approaches.
- 3.11 Cabinet has challenged officers regarding proposed workforce savings in social care and are assured that savings will be achieved through a stepped process firstly of looking for non-staffing efficiencies followed by service review and re-design together with health partners to prevent a reduction in critical front facing staff.
- 3.12 Where it is safe and appropriate to do so, alternative models of delivering care will be considered, as well as ensuring that health contributions to funding are pursued. Disability services will continue to be designed around meeting individual needs.
- 3.13 There are significant risks regarding deliverability of savings within social care in the face of demographic challenge and the on-going ripple effects of the pandemic and pressures within health. However, Cabinet is assured that overall the mandates adopt a strategic approach to both mitigate risk to people and deliver cost savings. A good understanding of community and population needs will underpin appropriate service development, balancing how we support individual and family outcomes within the wider financial context and the overall strategic programme for social care. It is recognised that social care is complex and Cabinet will commit to being clearer in monitoring and evaluating the changes being made.
- 3.14 Cabinet was also keen to ensure that the Council's assets were constantly held under review to ensure that buildings are used to greatest effect. Cabinet have made a commitment to ensure that assets will only be disposed of after an options appraisal and report to Cabinet with appropriate Scrutiny consideration. The aims of the review will be to:
- Reduce the running costs and climate impact of our services,

- Ensure that all our services and public buildings are fully accessible,
  - Put our partnerships with the managers of community and cultural buildings in MCC ownership on a long-term sustainable footing which maximises their funding opportunities and community benefit and reduces any hidden subsidy,
  - Generate rental income for the Council,
  - Consider the best way to repurpose or redevelop any surplus or under-used assets to deliver our Corporate and Community Plan priorities, bringing a report and options appraisal to Cabinet before any disposal is considered.
- 3.15 The Council now needs the certainty of having a clear and robust policy and budgetary framework in place. The Community and Corporate plan once approved will provide the policy framework within which the financial strategy can be produced along with a medium-term financial plan that looks to put the Council back on a sustainable path going forward.
- 3.16 This then allows Cabinet's attention to turn to delivering the Community and Corporate plan and affecting the changes needed to put the Council on a secure and sustainable footing. Changes that ensure that the needs of residents, families, businesses and communities in Monmouthshire are met. With a focus on equality and climate-change and working with and for our citizens being at the heart of everything the Council does. Existing partnerships with the third and public sectors and businesses will be strengthened and expanded to support the Council's priorities.
- 3.17 The in-year position has suffered from the same demand and inflationary pressures that have impacted next year's budget and a budget recovery plan had been put in place and reported to Cabinet in December as part of the month 6 budget monitoring report. The month 9 budget monitoring report is being considered separately on the agenda and highlights a further increase in cost pressures and that in turn is leading to a greater need to call on one-off reserve funding than had been planned for and puts further strain on the Council's finances.
- 3.18 The ongoing financial risks the Council is facing are outlined in this report and these are set against a reducing scope to accommodate these through budget recovery action or through the use of reserves. Reserve and capital receipt balances having been depleted, in particular to support 22/23 and 23/24, and this approach is not sustainable going forward. Subsequently, revenue reserves will need to be protected to cover for foreseen and unforeseen risks and eventualities. Beyond their core role to support the capital programme capital receipts will need to be used to support the Council in driving the service changes needed over the medium to long term.
- 3.19 Budgetary discipline will now be paramount through the remainder of this financial year, next year and over the medium-term. Cabinet will now expect more regular budget monitoring and scrutiny. The deliverability risk is acknowledged and the monitoring and reporting of budget savings will need to be strengthened. Governance and financial control arrangements within social care will also be reviewed and strengthened as required.

## **BUDGET CONSULTATION**

- 3.20 Cabinet issued its budget consultation proposals on 18<sup>th</sup> January 2023 thereby allowing a four-week period for public consultation and scrutiny. Given the nature and extent of the budget challenge faced for 2023/24 and the range and extent of the budget savings proposals Cabinet understood the importance of the Council reaching out, engaging and listening to feedback.

- 3.21 Cabinet were intent on purposefully engaging with residents on a face to face basis, as well as in hosting virtual events to enable the Council to reach out to members of the public who otherwise might not have the opportunity to attend a physical face to face consultation event.
- 3.22 As a result the Council:
- a) Held six countywide face to face consultation events across Monmouthshire and two virtual budget consultation events.
  - b) Maintained a dedicated page on the Council's website containing the draft budget proposals, a video blog by the Cabinet Member for Resources and an online budget survey and feedback form;
  - c) Made use of social media linked to press releases, the website and online forms to ensure that there is optimal reach to allow residents to become aware of and respond to the draft budget proposals.
- 3.23 The proposals were also scrutinised by the Performance and Overview Scrutiny Committee, People Scrutiny Committee, Place Scrutiny Committee, the Schools Budget Forum and the Joint Advisory Group (JAG).
- 3.24 Furthermore, budget consultation was undertaken through meetings with MyMates, Youth Council representatives and Head Teachers.
- 3.25 Extracts of the draft minutes from the Committees are included as **Appendices A1 to A7** respectively and a summary or notes of the engagement events together with feedback received are included in **Appendix A8**.
- 3.26 In terms of public engagement, the use of the website and social media as a mechanism for sharing information and getting feedback has continued with active engagement and responses received. An overview of the Council's budget engagement is included within **Appendix A8**.
- 3.27 As might be expected, responses to consultation varied. However, there was a broad acceptance and understanding of the overall shape of the budget proposals and set against the backdrop of unprecedented financial and demand driven challenges faced. Residents understood that the Council continued to look to protect frontline services and in particular to those most vulnerable in our communities. They also recognised the strain on the Council at this time of responding to a Cost of Living Crisis and how this also influenced the nature of the budget proposals.
- 3.28 There were a number of questions clarified via Scrutiny Committee meetings and other consultation meetings. Clarification was provided at meetings and via responses to pre-submitted questions made available on the Council's website. The budget presentation delivered at the consultation events was made widely available via the Council's website. And the Cabinet Member for Resources delivered a video message to encourage people to engage in the consultation process.
- 3.29 The process in general has worked well, with thorough debate having taken place through scrutiny and public consultation events. Although attendance at public consultation events was generally low those who attended engaged well to ask questions of Cabinet members and to have their feedback or concerns heard. Positive feedback had been received for the positive engagement and consultation that had taken place.

- 3.30 As a result of the publicity generated through social media and consultation events a significant increase from previous years was seen in the number of budget survey responses received. In total 246 responses were received from residents.
- 3.31 In terms of the key issues and concerns raised as part of the consultation, engagement and scrutiny process these principally revolved around:
- The majority of respondents to the budget survey agreed with the savings proposals being considered. However, there was broad disagreement in respect of other education savings and that concerned the increased charge for pre-school breakfast clubs, the Gwent Music Service, and potential reductions in staffing in education psychology and the ALN administrative support function. This was similarly echoed in public consultation events and during member scrutiny.
  - A significant number of residents raising concern about the level of council tax increase proposed, especially in light of cost of living and inflationary pressures being experienced in households. However, there was a recognition that the choices available to the Council were limited in the face of an unprecedented cost and demand pressures for services that supported the needs of residents.
  - Whilst acknowledging the need for increases in discretionary fees and charges to meet the increasing cost of providing those services assurances were asked for to ensure those who don't have sufficient means were not being adversely impacted by the increases.
  - Concerns about the deliverability of the proposed savings, the risk involved and the cross-collateral impacts. With particular concerns raising around adult social care and the impact of the savings proposed.
  - Concerns were raised around the extent of the cumulative impact of savings proposals on families/parent(s) with children and low pay/income households.
  - The need to consider different ways of using the Council's assets to provide services or to support communities. Assurances were asked for and clarification provided around assets that had been identified for potential disposal or alternative use.
  - Concerns were raised about the impact on businesses of increased car parking charges and café pavement licences.
  - Concerns around the reduced opening hours proposed at community hubs and leisure centres and the impact that would have on residents and users of the services
  - Questions and concern about the impact on families from the proposed increase in concessionary home to school transport charges, as well as concern that it might lead to increased car use and reduced enrolment in sixth forms.
  - Concern about the introduction of an annual subscription fee for the Grass Routes community transport service and the disproportionate impact this was felt to have on those who use the service.
  - Reassurances were asked for around the risks and uncertainties that the Council was facing at this time and into the future. With particular concern around homelessness and adult social care.

- Concerns raised around continued pressure on services such as in social care, operational frontline services and children with additional learning needs.
- Overriding support for the investment in the Adult social care budget and concerns around the growing impact of an ageing population on adult social services and the challenges that result from a fragile and unsustainable social care market in Wales.
- Acceptance from the School Budget Forum and Head Teachers that school budgets will see a cash increase that meets pay and energy increases based on current forecasts but that will require schools to find savings of 2.8% next year.

3.32 As a result of the consultation and upon subsequent reflection of concerns raised, alongside further changes brought about by targeted work undertaken, it is recommended that the following revisions are made to the pressure and savings proposals:

- a) Cabinet are fully aware and acknowledging of the risks regarding deliverability of savings within adult social care, and in the face of demographic challenge and the ongoing ripple effects of the pandemic and pressures within health. To that end and consistent with concerns raised by residents and member scrutiny, £1m of savings will now be delayed into 2024/25 and subsequently reassessed.
- b) To now limit the increase in before school clubs from £1 to £2 per day to only the first child, thus ensuring that families with more than one child are not disproportionately impacted.
- c) To remove the proposed increase in the concessionary fee for home to school transport.
- d) To remove the proposal for an annual subscription of £30 for users of the Grass Routes bus service, and in light of recent funding announcements causing uncertainty on what type of bus services can be sustainably delivered in Monmouthshire.
- e) To remove a proposed increase in the licence fees for pavement cafés and to ensure that businesses are supported to flourish in our town centres and across Monmouthshire.
- f) To remove a proposed reduction in opening hours in leisure centres during the summer months, leaving it to the service to undertake ongoing review and to ensure that services are responding to customer demands.
- g) To confirm that opening hours at community hubs will now no longer be reduced, albeit community hubs will still be operated with reduced staffing levels as planned.
- h) The removal of a proposed saving to delete a post in the internal audit team resulting from feedback received from the Governance & Audit Committee and concern that the level of audit coverage will fall below acceptable levels.
- i) Further investment is made in the capital programme, and that will result in additional investment in our highways infrastructure and specifically £500k in 2023/24 and each of the subsequent three years of the capital MTFP for pothole repair.
- j) Capital investment of £50,000 to allow for surveys and assessments to be undertaken of bridges across the Council's public rights of way network, and to ensure that a risk based approach is being taken to maintain assets and keep the network safe.

- 3.33 Cabinet have used Integrated Impact Assessments to inform its decision making and ensure mitigations are identified wherever possible to minimise the impact on people in greatest need. Mitigations that have been identified include the increased charge for before school clubs only applying to one child in a household that is attending and will not affect those eligible for free school meals, and while the amount given to people who pay for their own social care will be reduced, this will be looked at on a case-by-case basis and people needing higher levels of care will not see their payments reduced.

### **FINAL SETTLEMENT**

- 3.34 The provisional settlement from Welsh Government received on 14th December 2022 provided a better than anticipated funding increase of 9.3% and introduced a year-on-year increase of £10.213m of funding to the Council.
- 3.35 Welsh Government is due to publish its final budget on 28<sup>th</sup> February 2023 and alongside it the final settlement for local authorities in Wales. Due to the provisional settlement being issued in mid-December it is not expected that there will be any further significant changes.
- 3.36 However, there is one change planned that concerns the intention to transfer funding for the increased employer costs related to Fire and Rescue Authority (FRA) pensions from a grant to the FRAs into the final local government settlement. Councils have been kept informed and this will be accommodated as part of the final budget proposals.
- 3.37 Whilst a significant proportion of pressures have been funded by this settlement there is still a question mark over the actual pressures that will arise for pay. Welsh Government has been clear that authorities' budget planning must accommodate the cost of pay awards and in light of the settlement. Welsh Government recently made a revised pay offer for teachers adding 3% to the original 5% pay offer for the academic year 2022/23. If this pay offer is accepted commitment has been made by Welsh Government to fund the increase for the period September 2022 to March 2023. Confidence is held that Welsh Government will look to make that same commitment late in the year for the period from April 2023.
- 3.38 As a result of the final settlement being announced the day prior to the meeting of Cabinet a verbal update will be provided at the meeting to confirm any further changes and how these would be accommodated in the final budget proposals.
- 3.39 Whilst no further changes to funding levels are anticipated as a result of the final settlement announcement by Welsh Government on 28<sup>th</sup> February any further changes to the budget will need be considered as part of the Council Tax resolution when it is considered by Full Council on 2<sup>nd</sup> March 2023.
- 3.40 There is still however a need to think differently about the even greater challenges over the medium term. This work and engagement will continue in the coming months, with other local authorities, Welsh Government and the Welsh Local Government Association (WLGA) and notably where funding distribution and projections are concerned.

### **BUDGET PROCESS CONTEXT AND CHANGES**

- 3.41 Subsequent to Cabinet on 18<sup>th</sup> January 2023, revenue budget proposals went on consultation and which looked to accommodate an unprecedented £26m of cost pressures principally through increases in Welsh Government funding and council tax income of £14.3m and savings proposals of £11.4m. This still left a budget shortfall of £230k to be found at that time. Work has continued to review and revise savings and pressures in the light of further engagement and scrutiny. All the original proposals are available as part of

the draft budget proposals. Details of revised savings and pressures and the movement from draft to final proposals are included in **Appendix D**.

3.42 The table below illustrates the movements that have been seen as a result of the budget proposals being finalized and subsequent to public consultation, scrutiny and more up to date information being made available since the draft proposals were released on consultation on 18<sup>th</sup> January 2023.

<b>Budget Reconciliation</b>	<b>Amount £'000</b>
Draft budget proposals – budget shortfall	230
Revisions and additions to pressures	585
Update to specific grant funding	(500)
Reduction in savings	1,101
Update to treasury and appropriation budgets	(400)
Update to full cost Corporate budgets	2,165
Update to core WG funding	(181)
Proposed one-off use of reserves	(3,000)
<b>Final budget proposals – budget shortfall</b>	<b>0</b>

3.43 The revisions and additions to pressures are summarised as follows:

- £240k additional ALN transport pressures due to increased operator costs. This is a combination of agreed contract uplifts to cover pay and fuel inflation (average 8%) awarded in April 2022 plus increases as a result of operator hand-backs pushing up prices on re-tendering due to market forces.
- As a consequence of the updated month 9 forecast a further £540k increased and recurrent pressure within Children’s Services where costly emergency arrangements continue despite stable overall numbers of looked after children. This pressure has been offset in part by confirmation of a £500k specific grant from Welsh Government to support radical reform in social care. Welsh Government have committed this funding and that will benefit both 2022/23 and 2023/24.
- As a result of Welsh Government advising of 5.5% increases in national minimum allowances for foster carers for 2023-24 a pressure of £90k has been included in the final budget proposals.
- Inflationary price increases with Microsoft licences have resulted in £29k pressures for 2023/24.
- Updated energy forecasts have resulted in the energy pressure for 2023/24 reducing by £314k as Crown Commercial Services have been able to forward purchase energy contracts at lower rates than had been previously forecast.

### 3.44 The revisions to savings are summarised as follows:

- Cabinet are fully aware and acknowledging of the risks regarding deliverability of savings within adult social care, and in the face of demographic challenge and the on-going ripple effects of the pandemic and pressures within health. To that end £1m of savings will now be delayed into 2024/25 and subsequently reassessed.
- To remove the proposed increase in the concessionary fee for home to school transport (£18k).
- To remove the proposal for an annual subscription of £30 for users of the Grass Routes bus service (£15k).
- To remove a proposed increase in the licence fees for pavement cafés (£6k).
- To remove a proposed reduction in opening hours in leisure centres during the summer months (£20k).
- The removal of a proposed saving to delete a post in the internal audit team (£44k).
- A £40k reduction in the energy reduction saving as a result of a revised energy forecast.
- £ 42k increase in the saving in the Shared Resource Service collaboration saving.

### 3.45 Further key changes to the budget proposals for 2023/24 include:

- As is the case ahead of the final budget proposals being prepared a full and further update is undertaken, based on most recent forecasts, of treasury budgets. This aligns with the work done in parallel in producing the Council's treasury strategy for 2023/24. With short-term interest rates currently lower than long-term rates and rates having stabilised, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. This is known as internal borrowing and will form a key part of the borrowing strategy for 2023/24. The consequence of this has been a net reduction in anticipated treasury costs of £400,000.
- Earmarked reserve contributions of £3m and that include:
  - The modelling assumption for the non-teaching pay award has been maintained at 4.25%. Any increase in pay award above this will draw further on the Council's finances and therefore this remains a key risk. In light of this a contribution from reserves of £1.5m will be held corporately to act as further cover and contingency. This contingency has only been modelled on the non-teaching pay award. The assumption being that Welsh Government will ensure that funding is secured for local authorities to meet any increase in the teacher's pay award and that goes beyond current modelling assumptions.

However, a risk remains regardless given inflation and the extent and success of any strike action. The Council awaits subsequent notification on pay from awarding bodies and that will now extend into 2023/24 and where pay awards are subject to consultation with trade unions.

- A budget is based on a set of best estimates and alongside which sits an ongoing assessment of financial risks. In light of the inflationary pressures that still exist in the UK economy contingency is being put in place of £0.5m and being held corporately to allow for any unforeseen inflationary pressures that can't otherwise being managed through in-year budget recovery action.



- £1m of one-off reserve funding to allow for the delay in savings in adult social care as noted.
- Welsh Government plan to make one key change and that will feature in the final settlement. This concerns their intention to transfer funding for the increased employer costs related to Fire and Rescue Authority (FRA) pensions. This will move from being a grant to the FRAs to it being included in the final local government settlement. The consequence being that there will be a corresponding increase in the Fire Authority levy to compensate. The adjustment is anticipated to be £181k.

3.46 It is worth noting that the ongoing financial challenges remain as always a dynamic situation. As stated in recommendation 2.8 further work will be undertaken to develop the MTFP and that will include an ongoing assessment of pressures, risks and modelling assumptions. Beyond those risks for which reserve funded contingency budgets are being held the key risks remaining to be assessed and managed in 2023/24 and as yet unknown are:

- The volatility of Social care costs continues to present a significant ongoing risk both for the remainder of this financial year and 2023/24. Forecast costs for the year have increased at every reporting period for Children's Services and have been only partly mitigated by the late notification of substantial unbudgeted grants.

Immediate arrangements have been put in place to closely manage and constrain cost wherever possible, whilst having regard to the challenging parameters that have been documented above. In the short term, in Children's services this centres itself around reviewing and planning packages of care with a view to progressing care plans using less costly arrangements, whilst in Adults services the steps in place to re-focus our internal teams to reable clients is intended to avoid the need for more costly care packages.

- Clarification is still being sought on levels of specific revenue and capital grant funding for next year. It is hoped that further detail will be provided when Welsh Government release the final settlement on 28<sup>th</sup> February. Whilst confirmation has been received around all-Wales grant allocation the Council is yet to receive confirmation of all of its specific allocations. This will be closely monitored in the coming weeks and any material impacts will be considered as part of in-year budget monitoring with recovery action being taken as required. Furthermore, and whilst the late and significant grant funding from Welsh Government is very much welcomed it does not aid financial planning over the medium term.
- One specific and significant concern relates to the recent announcement that the Bus Emergency Support Fund will be coming to an end in the first three to six months of 2023/24 leaving uncertainty as to what type of bus service can be viably delivered across Monmouthshire. The Council will need to work with bus companies and other partners and stakeholders to understand the full consequence and implications for the Council.
- Demand-led pressures remain, notably within adult social care and homelessness, as evidenced by the extent and level of pressures needing to be accommodated within these budget proposals. Ongoing and strengthened budget monitoring arrangements will identify whether any further pressures need to be managed. As stated this is a dynamic situation to which the Authority will respond as any situation evolves.

## **Council Tax**

- 3.47 The increase in the Band “D” equivalent Council Tax for the County is proposed to be 5.95% as the planning assumption in the budget model and to apply for County purposes in 2023/24, reverting to a 3.95% increase for 2024/25 and in each of the subsequent 2 years.
- 3.48 Given the scale of the challenge it was inevitable that council tax needed to rise, although at a rate well below inflation. Council tax is a key source of income that allows the council to sustain services that meet the needs of residents and in particular those who are most vulnerable.
- 3.49 Following consultation feedback Cabinet considered whether a modest reduction to the council tax increase was appropriate. However, it was felt that the consequential impact and risk that this could have through requiring an increased level of savings to be made in services that provide for the most vulnerable was too high. Notwithstanding that the council tax reduction scheme, which offers mitigation for those on low incomes and those in receipt of benefits, will still be in place and single person households are also eligible for a 25% reduction on council tax.
- 3.50 Efforts will now be doubled to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them. Take-up will be monitored through the year. There are currently 5,522 (12.7%) of council tax payers benefitting from the council tax reduction scheme, and 14,612 (34.2%) in receipt of single person discount.

## OVERALL REVENUE BUDGET POSITION

- 3.51 The current revenue position for each of the next 4 years is included in **Appendix G2**. The proposed position for 2023/24 specifically is:

Services	Adjusted Base 2022/23 £000's	Indicative Base 2023/24 £000's	Indicative Base 2024/25 £000's	Indicative Base 2025/26 £000's	Indicative Base 2026/27 £000's
Children & Young People	59,014	62,140	63,719	65,086	66,484
Social Care & Health	58,373	63,735	60,736	61,655	62,537
Communities & Place	24,067	26,500	26,562	27,363	28,250
MonLife	4,916	5,952	6,307	6,565	6,836
Resources	7,019	7,073	7,397	7,608	7,824
Chief Executive's Unit	3,180	3,074	3,207	3,294	3,384
People & Governance	4,788	4,862	4,739	4,869	5,003
Corporate Costs & Levies	24,268	29,344	38,073	46,770	55,699
<b>Sub Total</b>	<b>185,624</b>	<b>202,680</b>	<b>210,740</b>	<b>223,210</b>	<b>236,016</b>
Transfers to reserves	188	63	63	63	63
Transfers from reserves	(164)	(3,572)	(88)	(88)	(88)
Treasury	7,050	9,341	10,408	11,051	11,427
<b>Appropriations Total</b>	<b>7,074</b>	<b>5,832</b>	<b>10,383</b>	<b>11,026</b>	<b>11,402</b>
<b>Total Expenditure Budget</b>	<b>192,699</b>	<b>208,512</b>	<b>221,123</b>	<b>234,237</b>	<b>247,419</b>
Aggregate External Financing (AEF)	(112,278)	(122,671)	(126,351)	(127,236)	(128,126)
Council Tax (MCC)	(62,871)	(66,955)	(69,600)	(72,349)	(75,207)
Council Tax (Gwent Police)	(14,392)	(15,505)	(16,117)	(16,754)	(17,416)
Council Tax (Community Councils)	(3,158)	(3,381)	(3,381)	(3,381)	(3,381)
Contribution to/(from) Council Fund	0	0	0	0	0
<b>Sub Total Financing</b>	<b>(192,699)</b>	<b>(208,512)</b>	<b>(215,449)</b>	<b>(219,720)</b>	<b>(224,130)</b>
<b>(Headroom)/Shortfall</b>	<b>0</b>	<b>0</b>	<b>5,674</b>	<b>14,517</b>	<b>23,289</b>

**Note:** An explanation of how services are grouped is included in **Appendix L**.

- 3.52 Provision of £7.5m per annum is currently made within the medium term financial plan for modelling purposes, reflective of the trend in service pressures developing annually over recent years, over and above the approved budget. This is represented in the table above by the increase in Corporate Costs and Levies over the 2024/25 to 2026/27 period.
- 3.53 The medium term financial strategy (MTFS) that will be developed off the back of an approved Community and Corporate plan will outline the approach to addressing these forecast shortfalls, and align the shape and cost of future service delivery within a financially sustainable model.

## **CAPITAL BUDGET**

- 3.54 The requirement to produce and update annually a Capital Strategy is a requirement of the Prudential Code for Capital Finance since it was updated in 2017.
- 3.55 The Capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 3.56 The Capital Strategy sets out the longer-term context in which capital investment decisions are made and demonstrates that the Authority takes capital investment decisions that are in line with its Corporate priorities, and gives consideration to both risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to the stewardship of public funds, value for money, prudence, sustainability and affordability.
- 3.57 In the current climate of financial constraint, capital investment needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.
- 3.58 The Authority's Capital Strategy is required to define at a high level how the Authority ensures its capital plans:
- Contribute to the provision of local public services;
  - Are affordable, prudent and sustainable;
  - Demonstrate that existing assets are adequately maintained;
  - Are developed with a full understanding of the risks involved;
  - Are appropriate for the Authority and suit local circumstances; and
  - Have due regard for the long-term financing implications and risks to the Authority.
- 3.59 In preparing the draft capital budget proposals for 2023/24 and the subsequent three years of the capital MTFP regard has been given to underlying principles of the current strategy and that remained fit for purpose.
- 3.60 An updated capital strategy for 2023/24 will be considered by Council alongside the treasury strategy at its meeting on 9th March 2023. The capital and treasury strategies were scrutinised by Governance and Audit Committee at its meeting on 16<sup>th</sup> February. The draft revised strategy is appended for information at **Appendix J**.

- 3.61 The capital MTFP and capital strategy seek to work towards a financially sustainable core capital programme, whilst balancing the need to deliver capital investment plans in line with policy commitment and need.
- 3.62 During the financial year, any new schemes volunteered can only be added to the programme if the business case demonstrates either:
- That they are self-financing;
  - The scheme is deemed a higher priority than current schemes in the programme and therefore displaces it;
  - They do not compromise the core principles of affordability, sustainability or prudence
- 3.63 When considering the relative merits of projects and potential displacement, the priority matrix in the capital strategy will be applied, either endorsing or amending it for onward consideration by full Council.
- 3.64 The Welsh Government provisional funding settlement announced on 14<sup>th</sup> December 2022 highlighted a small increase of £56k in respect of core general capital grant for 2023/24. This is extremely disappointing, especially in light of the Councils limited recourse to internal resources in the form of capital reserves and receipts, or the additional revenue burden that materialises from any resultant borrowing to meet the funding gap.
- 3.65 The draft capital budget proposals were released on consultation by Cabinet on January 18<sup>th</sup>. Feedback from public consultation and scrutiny, more up to date information being made available, and clarification of the urgent capital risks impacting 2023/24 have resulted in the following proposed changes to the capital budget proposals:
- Additional investment in our highways infrastructure and specifically £500k in 2023/24 and each of the subsequent three years of the capital MTFP for pothole repair (£2m of investment in total).
  - Investment of £50,000 to allow for surveys and assessments to be undertaken of bridges across the Council's public rights of way network, and to ensure that a risk-based approach is being taken to maintain assets and keep the network safe.
- 3.66 The investment in the highways infrastructure is achieved through a reduction in the Council's capital grant match funding budget from £1.0m to £500k. In the event that the match funding budget is exhausted then any bids and business cases would have to be separately assessed and considered by Cabinet or Council as required.
- 3.67 The further recommended capital investment has been assessed using the principles of the Council's capital strategy, with the investment representing a requirement for more urgent and targeted investment and that unless addressed, will present significant Health & safety or legal implications for the Council. It therefore represents investment that is considered affordable, prudent and sustainable and that will prevent future additional cost burden falling upon the Council.
- 3.68 The Summary Capital MTFP is shown in **Appendix H1**. Whilst the core capital programme is being sustained, and sees planned investment in the Council's infrastructure, there still remains a considerable number of backlog pressures that sit outside of the core capital programme as indicated in **Appendix H6**, and this will continue to have varying levels of risk associated with it. Cabinet have previously acknowledged and accepted this risk and given the affordability and funding constraints facing the Council at this time.

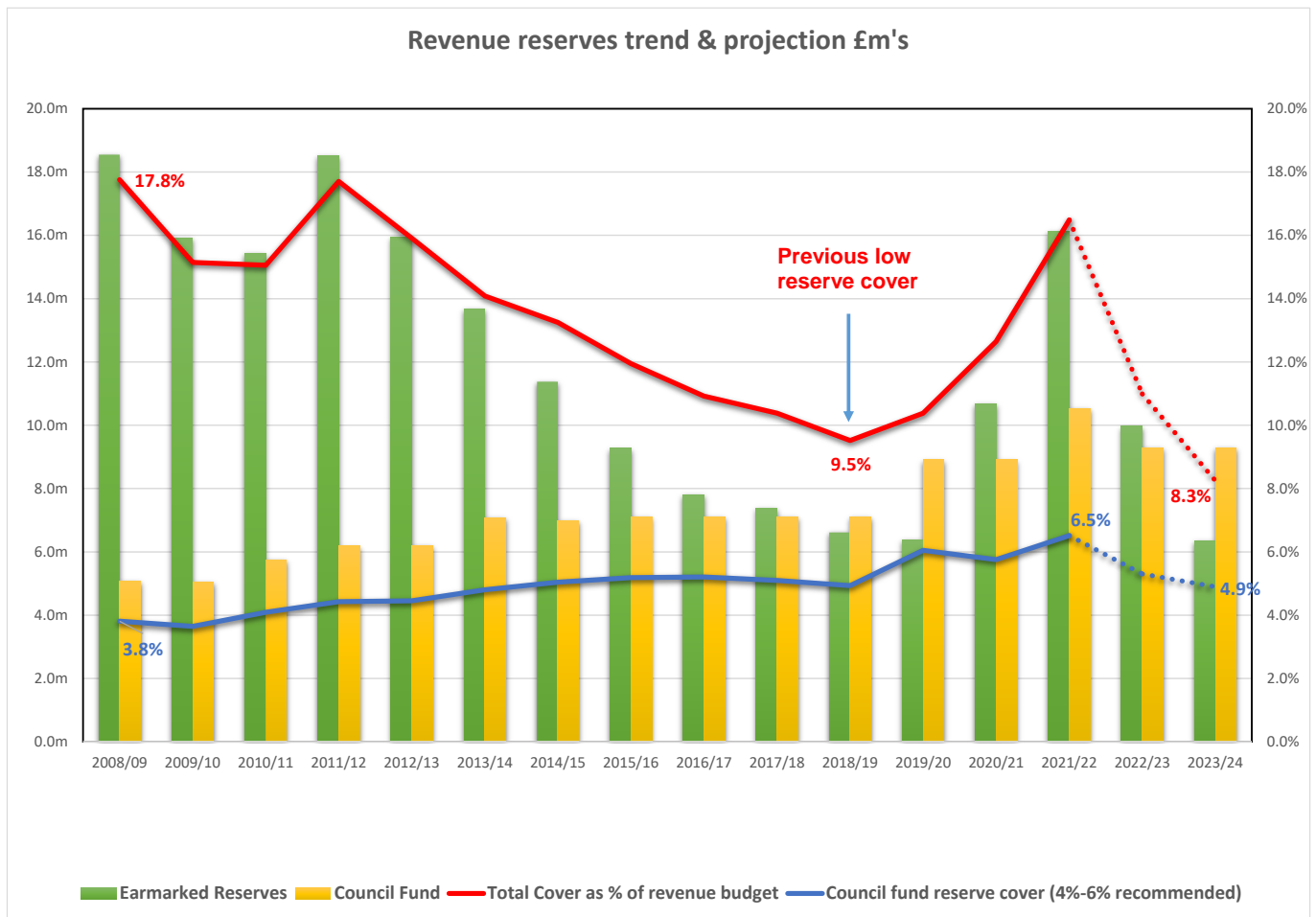
- 3.69 **Appendix H2**, the capital receipts summary shows the expected level of receipts and planned usage and highlights the balances available in the next few years. Future investment in capital schemes, is in part dependent on future success of achieving capital receipts and there are risks attached to some receipts materializing as shown in **Appendix H3**. The revised forecast receipt schedule is provided as exempt background papers to this report for Members approval as **Appendix H4**.
- 3.70 The value of Capital receipts forecast after 2022/23 drops off quite considerably which is reflective of the replacement local development plan (RDLP) not proceeding as quickly as envisaged in the original delivery agreement. This will have a substantial impact on the balance of receipts available to fund future capital investment demands. It is therefore important that reliance on capital receipts used to support capitalisation direction (to fund one-off revenue costs eligible to be met from capital resources) is seen as a short-term measure only.
- 3.71 Assets are only disposed of following options review and where there are alternative means of maintaining existing services or where disposals better enable policy objectives of the Council to be met.

### **THE PRUDENTIAL CODE**

- 3.72 Under the Prudential Code, local authorities are required to publish Prudential Indicators produced to demonstrate that capital programmes are prudent, sustainable and affordable in the longer term. The indicators for 2023/24 to 2026/27 are contained at **Appendix I** to this report, assuming eventual Council approval of Cabinet's budget and Council Tax recommendations. The indicators have been subject to scrutiny via the Governance and Audit Committee at its meeting on 16<sup>th</sup> February 2023.

### **THE ROBUSTNESS OF BUDGET PROCESS AND RESERVES**

- 3.73 As can be seen from the table below the Council's reserves have been and will be significantly depleted as a consequence of the budget recovery action needed in 2022/23 and to support the budget proposals for 2023/24. This follows a period through the pandemic where reserves were restored as a result of significant Welsh Government funding. The decisions taken to draw on reserves have been carefully considered as the consequence of not doing so would have led to very significant consequences for service delivery. Ultimately a balance had to be struck and given the extent of the inflationary and demand pressures faced as a result of the Cost of Living and Health crises.



3.74 The level of the Council Fund, The Council’s general reserve, stood at £10.53 million at the beginning of the 2022/23 financial year. The Council tactically created headroom in its general reserve in the last few years as a result of significant additional Welsh Government funding received through the pandemic.

3.75 As a consequence and due to the extent of the in-year over spend and the budget recovery plan in place a draw on the Council Fund of £1.25m is forecast and subject to 2022/23 year-end. With this anticipated draw taken into account the level of the reserve remains in the range of 4-6% at 4.9% of net revenue budget and considered to be at a prudent level. The final revenue budget proposals do not include a requirement to use any of the general reserve to balance the budget in 2023/24.

3.76 The focus therefore turns to the uncertain outlook and future financial challenges and where the headroom in the Council Fund balance is reserved and if required to cover the following, and where mitigating budgetary recovery action is unable to manage such pressures on the Council's budget:

- Any budget pressure in 2023/24 resulting from pay award announcements in excess of the modelling assumptions and reserve funded contingency in the final budget proposals;
- Any continuing pressures caused by the cost of living and health care crisis, particularly in the areas of Homelessness, Adult social care and Children’s Services;
- Any one-off contributions needed in 2023/24 and to the extent that in-year budget recovery action is unable to mitigate service pressures and over spends;

- To allow for any future reserve cover across the MTFP and beyond and as the Council looks to put its finances back on a sustainable footing, and to the extent that they cannot be funded from capital receipts under Welsh Government guidance allowing for one-off costs of service reform to be met.
- 3.77 Pre pandemic, net school balances had remained at low levels and had reduced to a net deficit balance of £435k. Receipt of unprecedented levels of grant support from Welsh Government during 2020/21 and 2021/22 had looked to ensure support for schools and their pupils during a period of significant disruption to learning. This has resulted in schools balances being in surplus at the beginning of 2022/23 of £6.95m.
- 3.78 The investment plans enacted by schools look to deliver the best learning outcomes for pupils in line with the purpose of the grant funding provided over the past two financial years. Whilst it is clear that the investment plans enacted will bring many school balances more in line with those levels guided by Welsh Government, it is disappointing to note that a further nine schools are now forecast to move into deficit by year-end based on the month 9 forecast.
- 3.79 There remains significant concern from a financial perspective that the inherent structural budget deficits that led to a significant number of schools being in deficit pre-pandemic in some cases remain. Whilst the current economic climate is severely challenging with schools being required to find 2.8% of savings for 2023/24, school balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure. Officers will continue to work closely with those schools of concern and look to aid the return to a more sustainable budget plan over the medium term.
- 3.80 Continued emphasis is placed by LEA finance colleagues to agree budgets with schools that are sustainable to the resources available rather than passporting additional deficits to their school reserve. Recovery plans are put in place for schools that move into deficit and these are being closely monitored by the LEA and relevant Cabinet members.
- 3.81 The total planned use of earmarked reserves in support of the 2023/24 revenue and capital budget is £3.61m. This adds to the currently forecast use of earmarked reserves for 2022/23 of £6.15m, nearly £10m over a two year period. **Appendix F1** shows the call on and contributions to reserves for the 2023/24 budget and **Appendix F2** shows the reserve balances projected for the medium term.
- 3.82 Total planned reserve use in support of current year revenue and capital budgets means that by the end of 2022/23 the balance of earmarked reserves is likely to be £9.96m. The further call in 2023/24 means that the earmarked reserves will then fall to £6.35m, with the useable balance down to £4.99m. The low level of revenue reserves now requires the reserves policy to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks that might result. Improved budget management and discipline going forward will need to ensure that in-year over spends are quickly identified and to the extent they cannot be mitigated for in-year savings to be found.
- 3.83 Useable capital receipts also provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has needed to make use of this flexibility since 2019/20. The

planned use in 2022/23 has been extended to support the budget recovery plan and will continue for 2023/24.

- 3.84 Useable capital receipts are forecast to reduce to £3.0m by the end of 2026/27 based on the capital MTFP. The continued use of capital receipts for this purpose is recognized as a necessary approach to support the Council to transition itself on to a more sustainable financial footing. However this is not a sustainable approach in itself and has the added consequence of requiring the Council to fund any further and future capital investment through prudential borrowing where it cannot be met from other sources.
- 3.85 Under the provisions of the 2003 Local Government Act, the Responsible Financial Officer has to provide conclusions on the robustness of the budget process and the adequacy of reserves. Those conclusions are shown at **Appendix E**. The RFO opinion also includes an acknowledgement of the risks taken into account in producing the budget proposals for 2023/24 as well as those budgetary risks that will need to be managed going forward in the MTFP.
- 3.86 The effect of Cabinets revenue budget recommendations is shown at **Appendix G**. The effect of Cabinet's capital recommendations is shown at **Appendix H**. Final Council Tax and budget setting is reserved for decision of Full Council on 2<sup>nd</sup> March 2023.

#### **4. OPTIONS APPRAISAL:**

- 4.1 Chief Officers and Directorates are required to consider and outline the options that have been considered for each of the budget savings proposals and pressures accommodated within the final budget proposals presented in this report.
- 4.2 The detail is contained in the original budget mandates that supported the drafted budget proposals. Where budget proposals have been amended or new changes introduced these are outlined in the report as part of the final budget proposals. These changes are summarised in **Appendix D**.

#### **5. EVALUATION CRITERIA:**

- 5.1 The means of assessing whether the final budget proposals for 2023/24 have been successfully implemented is undertaken throughout the year via regular budget monitoring and periodic reports to Cabinet and then through Scrutiny committees. As outlined in the report and given the financial risks facing the Council budget monitoring will be strengthened in 2023/24 and that includes the monitoring and evaluation of budget savings being implemented.
- 5.2 The Community and Corporate Plan will, once approved, inform and influence a full update of the Medium-Term Financial Strategy and Plan and that will build the further foundation leading into the 2024/25 budget process. This comprehensive update will include an ongoing assessment of pressures, risks and modelling assumptions. As well as savings proposals and options that together with a robust and updated capital receipts and reserves strategy enables the Council's finances to be put on a sustainable footing.
- 5.3 Regular monitoring of the performance of the Council will take place against service business plans, and once approved the Community and Corporate Plan. Taken together these arrangements enable the Council to evaluate its success and progress against its longer-term plans within the resources available.

#### **6. REASONS:**



- 6.1 To make appropriate recommendations to Council on the revenue and capital budgets for 2023/24, and the resultant Council Tax recommended to be set for County purposes, taking into account the public consultation and scrutiny in January and February.
- 6.2 To sustain the capital programme and establish capital resources to support the programme by the sale of surplus assets where this is deemed necessary and appropriate.
- 6.3 As required by statute, to consider the Responsible Financial Officer's conclusions on the robustness on the budget process and the adequacy of reserves going forward.
- 6.4 To approve the Prudential Capital Indicators calculated by the Responsible Financial Officer.

## **7. RESOURCE IMPLICATIONS:**

As identified within the report and appendices.

## **8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING and CORPORATE PARENTING):**

- 8.1 There is a requirement placed on Local Authorities to comply with the general equality duties set out in the Equality Act 2010. The Equality Act 2010 places a general duty on Monmouthshire County Council to eliminate discrimination according to "protected characteristics" (age, religion or belief, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sex and sexual orientation). Also we need to comply with the Welsh Language Act 1993 and the Welsh Language Measure 2011 through which the Welsh Language Commissioner has shaped the Welsh Standards which came into force from 30th March 2016.
- 8.2 The Wellbeing of Future Generations Act requires public bodies to improve social, economic, environmental and cultural wellbeing, by taking action in accordance with the sustainable development principle aimed at achieving the Wellbeing Goals.
- 8.3 Where a budget proposal could alter a service, or the way it is delivered an Integrated Impact Assessment has been completed. This assesses its potential impact on the national well-being goals and the ways of working enshrined in the Well-being of Future Generations Act and also the people and groups who possess the protected characteristics specified as part of our duty under the Equality Act 2010. This also assesses the potential impact on those in poverty and on those experiencing socio-economic disadvantage, in line with the socio-economic duty in Wales and the impact on the Welsh language.
- 8.4 The Council has continued to respond to these issues by building considerations of equality, diversity and sustainability into the planning and delivery of its 2023/24 budget. It has done this by:
  - Requiring Chief Officers to undertake an Integrated Impact Assessment of savings proposals they offered for their service area to contribute towards the Council's overall savings target. Where necessary this evaluation has since been updated to reflect the final budget proposals and individual evaluations are linked to each budget proposal.
  - Producing an overall Integrated Impact Assessment of the revenue budget proposals and publishing this as part of the revenue budget proposals for consultation. This is attached as **Appendix K** and the assessment has been updated as a result of budget consultation and the final revenue budget proposals

being presented to Cabinet for consideration. Given the scale of the budget challenge for 2023/24, and the requirement for services to deliver a level of savings proposals that require service reforms, it is inevitable that this assessment shows that some proposals have identified a negative impact and where mitigating actions have been considered, identified or are in place. The assessment also identifies some of the pressures to support services have potentially a mostly positive impact on equalities and Future Generations.

- Enabling the Council's Cabinet Members to consider savings proposals with the benefit of the Integrated Impact Assessment, and to make initial decisions based on this information.
- Including the Integrated Impact assessments (on individual proposals and the overall assessment) as part of this report and published on the Council's website so that residents can understand the factors that went into the planning of the 2023/24 budget, potential impacts and any mitigations identified.
- Ensuring that where proposals will be the subject of further reports it is expected that further Integrated Impact Assessment will be undertaken at that time and where savings are being made from decisions already taken then those implementing those decisions should consider mitigating any negative impacts where necessary.
- Deciding that once the final shape of the budget is agreed by Council in March, Council service areas carry out more detailed work to mitigate and manage any impacts that have been identified in the impact assessments and that actual future generations and equality impacts are reviewed and monitored during and after implementation.

8.5 Almost any change to a council service has some impact. This is because of the nature of the council's responsibilities and the extent to which some groups, communities and vulnerable people rely on public services. The aim is to properly understand this impact so that appropriate mitigations can be identified wherever possible minimising the impact on people in greatest need.

The mitigations include:

- Charges for social services are linked to peoples' ability to pay and service users will be required to undergo a means tested assessment of their financial ability to meet a reasonable charge calculated for these services.
- Increases in the charge for before school clubs will not affect those eligible for free school meals and the charge only applies to one child from each household, lessening the impact for many families.
- The amount we give to people who pay for their own social care will be reduced. However, we will look at these on a case-by-case basis and people needing higher levels of care will not see their payments reduced
- The accessibility of charged events at museums or attractions will be monitored and those not able to pay will be supported through grant funding/concessionary rates.

## 9. **CONSULTEES:**

**10. BACKGROUND PAPERS:**

- a) Directorate Budget builds, detailed capital programme and associated papers
- b) Draft revenue budget proposals, draft capital budget proposals – released on consultation by [Cabinet](#) on 18<sup>th</sup> January 2023
- c) Provisional Local Government Settlement
- d) The CIPFA Prudential Code for Capital Expenditure

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## **Appendices:**

- A1 Draft minutes of Performance & Overview Scrutiny Committee – 25<sup>th</sup> January 2023
- A2 Draft minutes of People Scrutiny Committee – 26<sup>th</sup> January 2023
- A3 Draft minutes of Place Scrutiny Committee – 2<sup>nd</sup> February 2023
- A4 Draft minutes of Schools Budget Forum – 30<sup>th</sup> January 2023
- A5 Summary of Head Teachers meeting – 3<sup>rd</sup> February 2023
- A6 Draft minutes of JAG (Joint Advisory Group) – 16<sup>th</sup> February 2023
- A7 Extract of draft Governance & Audit Committee minutes – 16<sup>th</sup> February 2023
- A8 Overview of Monmouthshire County Council budget engagement, including feedback from:  
MyMates livestream event – 3<sup>rd</sup> February 2023  
Youth Council (young people) event – 6<sup>th</sup> February 2023
- B1 Provisional Settlement Data
- B2 Provisional Settlement – MCC response letter
- C Specific Grants 2023/24 (All Wales)
- D Summary of savings and pressures
- E Responsible Financial Officers Opinion
- F1 Use of reserves for Revenue Budget Purposes
- F2 Reserve Balances
- G1 Reconciliation through the Revenue budget process
- G2 Revenue Budget Summary
- H1 Capital Budget Summary
- H2 Capital Receipts Balances
- H3 Receipt Risk Factors
- H4 Detailed Capital Receipts (Exempt – supplied under separate cover)
- H5 Exemption form for Appendix H4
- H6 Backlog capital pressures and medium term Monlife Investment considerations
- I Prudential Indicators
- J Capital and treasury management strategies 2023/24
- K Overall Wellbeing and Future Generations Evaluation
- L Revenue budget service groupings

## Performance & Overview Scrutiny Committee 25<sup>th</sup> January 2023

### 1. Apologies for Absence.

Tony Kear, Phil Murphy as substitute. Councillor Murphy was elected as vice-chair for the meeting, nominated by Councillor Chandler and seconded by Councillor Bond.

### 2. Declarations of Interest.

Councillor Strong declared a non-prejudicial interest as Chair of The Friends Of Caldicot Library, and Secretary of the Gwent County History Association.

### 3. Public Open Forum.

No submissions were received.

### 4. Budget Scrutiny: Scrutiny of the Budget proposals for 2023/24.

Cabinet Member Rachel Garrick delivered the presentation and answered the members' questions with Peter Davies, Jonathan Davies, Jane Rodgers, Nikki Wellington, Matt Phillips, Cabinet Member Sara Burch and Cabinet Member Paul Griffiths.

#### Challenge:

*There are concerns about levels of confidence in delivering the proposed savings, the risks involved, and the cross-collateral impacts e.g. in SCH5, reducing staff in Adult Social Care, what impact might that have on SCH6, with an increase in staff? There isn't a sense of how the two go together? What is the ability to deliver the redesigns in SCH5, when there is no head of Adult Social Services in post?*

There is no denying that there are significant challenges in the mandates put forward for adult social care. We spent a lot of time thinking of the best way to generate savings without creating undue risk for individuals. Following the pandemic response, we are now at the point of regrouping and getting back to strategic priorities, particularly early help and prevention, ablement and reablement, and partnership working. We must get back to supporting practice to enable people to live as independently as possible with minimum reliance on expensive packages of care, and ensuring that every penny is spent in the most cost-effective way by expanding the type of care provision. We need to review and assess people already receiving care, and those due to come in. We won't compromise on safeguarding but we will challenge ourselves as to whether we are enabling that person to the best effect, so that we can reduce some of the care costs. It will be important to join up with health partners and use all of our collective resources. We will look to support people to avoid going into hospital or to get out quickly, and continue with innovation – we have many ideas.

*Regarding an increase of £1.4m in fees and charges in the summary paper, there is no breakdown of where this will come from?*

Within the budget papers, there is a detailed breakdown of the fees and charges, split out first by Directorate and then by the services for which we are charging. Within the Social Care mandates there is a separate mandate for social care charging that goes into detail. the main bloc of

information is in Appendix 1, with links through to the full schedule of fees and charges totalling the increase of £1.4m.

*The £1.4m social care increase doesn't have a further breakdown in the top-level paper.*

We tried to make the paper more concise but we can definitely take that feedback.

*Residents are already raising concerns about savings coming from service delivery. What is the explanation and justification to residents that few savings are proposed in other areas?*

Much of this is due to the number of savings previously delivered in those areas, leaving many at a base level already, and risks about what is needed: the more people are pared back, the harder it will be to deliver an adequate and competent service in those areas.

*How much are the 'back office' costs compared to frontline services? And how does that compare to other authorities?*

The lion's share of costs is taken up by schools and social care, then a plethora of other services, including the 'back office' ones that keep the council running smoothly: leisure, libraries, etc. We also have to meet treasury costs – the ongoing cost of borrowing to support our capital programme – and levies to pay police, drainage boards, etc. These are fixed costs imposed by statute. Within the core, there are teams to oversee governance and the good running of the organisation, including paying bills and recovering income. Each local authority will have a similar breakdown of costs.

*Is there a more 'resident friendly' way to communicate the budget?*

We refer back to Councillor Garrick's initial response, and as covered in the presentation. We have made significant savings each year since 2010, and in comparison with others we are incredibly lean, and unique, and given our funding base have always had to be resourceful in maintaining frontline services. All services have had to bring forward proposals for savings. Those back office functions are incredibly lean and we have to be very careful in maintaining the safe running of the organisation.

*Would it be clearer to residents for us to say 6% for the council tax increase? Neighbours are consulting on 5%, 3%, 2% etc – what are your thoughts in being on the higher end, and by some distance? How can this be justified to residents?*

A 0.05% increase equals £30k. We could go to whole percentage points – that doesn't seem unreasonable.

*To what the extent has the idea been explored of potentially protecting services offered in communities by developing ownership of community assets e.g. hubs and libraries, to run them for maintained or extended hours through voluntary individuals/groups?*

There is community ownership in various areas, such as Drill Hall in Chepstow. It's difficult to place in a budget, in terms of assessing the risk. It's unlikely that there will be an instant saving, as groups in the community need to be sought and the idea worked through – it is a very unstable saving. It is certainly something that we can continue to look to, but can't rely on as an in-year saving for planning the budget. There are many partnerships between community organisations and this

council. Our challenge is to ensure the appropriate mobilisation of volunteers, understanding where we need to be provider and where an enabler. We have to be mindful of the difficulties faced by these organisations in heating and lighting the village halls, getting enough bookings, etc.

*If we are making cuts to services, they should be set out clearly – obscuring behind difficult language opens up potential criticism e.g. Gwent music subsidy ‘this’ year? ‘Fairer’ prices when we mean higher prices?*

We are asking residents to pay a fair price for their services. No-one in the county should think that ‘fair’ means anything other than an increase, given the cost-of-living crisis and levels of inflation. The language is completely adequate.

*What will be the impact on businesses of substantial parking charges? And Pavement licences? What about business rates?*

Welsh Government is putting together a central fund for business rates. We have scheduled a full car parking review across the county for next year which will take into account the needs for each area and the impacts on them, including businesses. There is currently a significant difference between areas – a hangover from the 60’s – where there are different parking approaches e.g. the west of the county has free parking but the east tends to have charges.

*Post-16 transport increases and breakfast club increases could have a large impact on families with several children. How were the impacts assessed? And what about the links between those i.e. for a family that will be subject to all of the increases?*

Regarding breakfast club impacts, we would point to what we’re providing in that. It is rare to see a family with several children using a breakfast or after school club. We are providing very low-cost wraparound care: £6.95 for an evening session, we are looking at around a third of that, at £2 a session.

*What is the realisation: are we raising thresholds or rationing care in Adults Services? In Children’s Services, what is the impact in terms of decision-making with high-cost placements and risk? What does it mean to our engagement with Care Inspectorate Wales?*

For Children’s, a lot of work is ahead of us in rebalancing our use of placements so that the majority of children are placed with in-house Monmouthshire foster carers – if that can be achieved, we will make the required savings. With Adult Social Care, this is about getting consistent approaches, using all of the mechanisms available, ensuring that we are working with people through a strength-based approach, where we do have to provide care for those with complex needs we are making maximum use of existing digital technologies, and expanding our options to get the best possible value for money.

*Regarding what Bank of England and OBR are saying about inflation, will we see a fall in inflation over the next year? What assumptions are being built in to take pressure off the budgets?*

The OBR forecasts are in the medium-term financial planning. Education savings are incredibly firm, there is a huge reliance on individual schools budgets. Education is one of the areas with the lowest

risk of realisation. We are ensuring that with this year's targets we are avoiding mistakes previously made e.g. consultant-led targets being put in place for car parking, which led to significant losses. We are also realistic about things like the uptake of Monlife membership.

*Some schools that are already in deficit might tip back into deficit?*

7 schools are in deficit. Next year's forecast at the top level indicates two primaries would need to find a £14-17k saving for this. Based on the balances we currently have, we don't foresee any more schools going into deficit.

*For a resident's benefit, what do mean by 'unmitigated' budget risks?*

When we use the word 'unmitigated' it means that the risk isn't hard-baked into the budget as it stands: the level of risk changes through time so we will keep assessing it. The budget will evolve on a daily basis so we include our best estimates and assessment of risk when bringing it together, Cabinet will take some considered positions around that when finalising its proposals, then we move to next year. We will assess the level of reserve cover needed against those known/unknown risks

*£3m of reserves are earmarked as contingencies for risk, which seems low. On what basis is the £3m calculated and how realistic is it?*

Realistically, with a £26m shortfall and £11m of savings nothing in this budget is 'enough'. £3m is largely driven by the availability of reserves. This year's pressures that have come upon us are in-built and feature significantly in the £26m cost pressure; pressures have increased since reporting to Cabinet in the Autumn, so we have incorporated those updated considerations. The £3m reserve cover will be reassessed. Peter Davies as the Council's Section 151 Officer is required to undertake the assessment of the budget process's robustness and the adequacy of the reserves level. We need to strike the right balance between the best understanding of that risk and how robustly the budget process has accommodated known risk. We won't speculatively lay further cost pressures into the budget that will have significant impacts. The £3m is mainly against the deliverability risk that we carry. Social Care is the area where it sits highest, as it is a volatile and dynamic environment, hence the proposed changes.

Regarding operational risk, taking homelessness as an example, the cost escalation is due to an increasing number of homeless people and housing them in expensive provision. Bringing down the cost per person relies on some ambitious plans, set out in the community and corporate plan. Even if we are successful, there is the possibility that the economic and local housing market situation means more people will become homeless. We have similar challenges in social care.

*How is Council tax determined and assessed to reach 5.9%? Do we start at the price point and work backwards or build up from the pressures?*

Yes, it has been an informed piece based on where the pressures are, and where savings can be made. We have also taken into account what we believe our residents could countenance in terms of a very difficult cost-of-living crisis. Some councils are looking at higher percentages, others at lower; the latter are doing so by looking to reserves that we don't have to the same level. As a



minority administration, we are reliant on what every member of the council would be prepared to accept.

*Regarding the forecast to 26-27, in compound terms it is a 20% increase in council tax (5.9% this year, then 3.95% for the following 3 years). How does that place us at the end of that period, as a council? Are we injecting enough positive strategy into the broader shape of the medium-term plan?*

We have followed austerity under-funding of councils to now having a bumper year of inflation. 3.95% is the standard input for the medium-term financial plan; it is likely to be adjusted at each year-end and move into financial planning with greater clarity of our position.

*Can the involvement of town and community councils be considered, particularly in relation to village halls? They have a precept and aren't capped. Some community councils lack a full understanding of what the precept is.*

Thank you, we will take that on board.

*What measures are we considering to get the indicative base for 26-27 of a £23m deficit to a more break-even figure?*

The further we go, the more uncertainties there are around inflation, interest rates and wider pressures on services, so we make allowances in the model for those unknown pressures, based on experience and trends. In the work on service redesign, we hope to see a lower level of pressure come through towards the end of the medium-term financial plan, delivered by the work at the front end. There is confidence that inflation will fall but there are uncertainties in things like pay award.

*Clarification: fig.5 in 6.2 of the paper is more of a worst-case scenario, than a forecast?*

We will have a medium-term financial strategy off the back of the community and corporate plan, and will identify ways of addressing that gap. It is based on realistic estimations at this point in time but will change month to month and year to year as we go through. We are reliant on the forecast from UK Government and then Welsh Government of what funding will be made available in future years. 'Worst-case scenario' is sometimes accurate, as the Treasury won't commit itself beyond the minimum that is possible, and we work from that projection. But there will be movement, as there was this year. We have learned from the pressures that built up this year. We must change our service delivery over a period of time.

*Could any staff vacancy after 6 months be removed, to reduce future pressures?*

No. Thinking of a pinch-point area such as domiciliary care, there will be a number of posts advertised at any one time as that's where the demand lies. It would be unwise to take those as vacancies, given the impact on service delivery. It places the focus on how we recruit, and asking what is our competitive advantage? The answer includes what Welsh Government is doing nationally. We will always look at redeployment and retraining, where roles are potentially going. Apprenticeship and graduate roles are very important. Our recruitment process needs to be better,

we have procured a new e-recruitment system and a learning management system that will allow us to invest in and develop our people, which enables retention and improves productivity.

*A big part of the capital budget is the new school. Where does the risk sit in terms of cost overrun?*

The risk of price increases rests with the contractor, and the nature of how the contract has been put together. The level of contingency budget has been appropriately factored into what is a very significant capital scheme.

*Is the schedule still on track?*

Yes, in terms of construction being completed on time and the school opening.

*The sort of thing that could come back is excess asbestos in pulling the old building down?*

We have experienced that with Caldicot and Monmouth builds. The assessment of the level of contingency held took that into account, based on those experiences.

*Which English councils have announced bankruptcy?*

There have been several high profile examples, with the information available in the public domain, but not to hand. The Chief Officer People and Governance has data to provide to the committee outside the meeting – **ACTION**

#### **Chair's Summary:**

The Committee undertook thorough scrutiny of the budget proposals for 2023-2024, during which the following key issues and questions were raised:

- Concerns about levels of confidence in delivering the proposed savings, the risks involved, and the cross-collateral impacts
- Clarification of the breakdown of the £1.4m social care increase
- Justification to residents that few savings are proposed in areas other than service delivery
- The comparison of 'back office' costs to frontline services
- Possible ways of communicating the budget in a more 'resident friendly' way
- Comparison of our rate of council tax increase to other authorities, and whether it would be clearer to round up to whole percentage points
- The possibility of developing community ownership of assets such as hubs and libraries
- The clarity of language used e.g. 'fairer' prices, rather than 'higher' prices
- The potential impacts on businesses of substantial parking charges and pavement licences
- The effects on families of multiple increases e.g. post-16 transport increases and breakfast club increases, and how the impacts have been assessed
- Whether we are raising thresholds or rationing care in Adults Services
- In Children's Services, the impact in terms of decision-making with high-cost placements and risk, and our engagement with Care Inspectorate Wales
- Whether there will be a fall in inflation over the next year, and what assumptions are being built in to take pressure off the budgets

- Whether some schools might tip back into deficit
- The meaning of 'unmitigated' budget risks
- On what basis the £3m of reserves earmarked as contingencies for risk are calculated and how realistic they are
- How the Council tax increase is determined and assessed to reach 5.9%
- Where the compound increase in council tax to 27-27 of 20% places the council, and whether we are injecting enough positive strategy into the broader shape of the medium-term plan
- Involving town and community councils, particularly in relation to village halls, noting that some community councils lack a full understanding of what the precept is
- The measures being considered to get the indicative base for 26-27 of a £23m deficit to a more break-even figure, and clarification of whether this is more of a worst-case scenario, than a forecast
- Whether any staff vacancy after 6 months could be removed, to reduce future pressures
- Where the risk sits in terms of cost overrun for the new school, and whether the schedule is still on track
- Clarifying which English councils have announced bankruptcy

**5. Next Meeting: Thursday 23<sup>rd</sup> February 2023 at 10.00am.**

This meeting has changed to Monday 27<sup>th</sup> February 2023 at 10:00am.

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## People Scrutiny Committee

26<sup>th</sup> January 2023

### 1. Apologies for Absence.

None received.

### 2. Declarations of Interest.

None.

### 3. Public Open Forum.

No submissions were received.

### 4. Scrutiny of the Budget Proposals for 2023-2024

The Cabinet Member for Resources presented to the committee the proposals for 2023-2024 (presentation available online) prior to the committee asking questions.

#### Challenge:

*In terms of how this budget may affect children and young people, you mention that the capital programme oversees the maintenance and enhancement of our roads schools and leisure centres etc, so with the 3% efficiency saving proposal, would you expect that across the board? Some schools are new and have undergone major improvements in recent years and most schools were in a sound financial position during the pandemic, thanks to the additional money allocated during that time. However, Chepstow School is unfortunately in deficit due to historical reasons. My main concern is the continuation of school improvement in the school environment, so that pupils can keep with their peers in schools in other parts of Monmouthshire, particularly whilst funding from the Sustainable Communities for Learning Programme (formerly known as 21<sup>st</sup> century schools funding) is awaited. Chepstow is the final school in Monmouthshire to benefit from the programme and Cabinet confirmed before Christmas that they were content with the progress, but I wanted to check that Chepstow School and other schools are still due to receive this funding?*

Cabinet Member for Education: There is no intention that the quality of facilities at Chepstow School will suffer. The council has spent substantial money in updating facilities there, such as solar power generation and I know that the school is delighted with the investment the Council has made so far. We are at an early stage of discussion

with Chepstow as the 4<sup>th</sup> school about what that provision will look like and I hope I have reassured you that the school is firmly in our sights. The new Welsh Medium provision in Monmouth has benefitted from this Welsh Government and Council joint funding and therefore, even in difficult times, we do not forget the needs of our children and young people and that's why we are proposing to increase the schools' budget at a rate that has not been seen for some time.

*Regarding bringing in additional income via discretionary fees and charges, such as increased car parking and waste services, surely this will deter people from using the car parks and is likely not to bring in the income expected, whilst annoying residents in the process. Charging more for waste services is likely to increase flytipping or burning of waste at properties, causing more problems for Council staff, so I would like to hear your views on that.*

Cabinet Member for Resources: We are aware of these issues, so we are not changing the frequency of kerbside collections like other councils. In terms of car parking, we are very aware of the interactions between thriving community and town centres and accessibility. We are making use of active travel plans and the funding available there and we have a parking review scheduled for this year which takes into account the needs of communities as well as how we operate and charge for car parking.

*I have concerns about the reduction in opening hours of the hubs and the contact centre, which you have said is being reduced by 2.5 members of staff, and changes impacting on response times, these resources being the kind that might be more needed in these difficult times. I'd like to know if you have considered this in terms of the proposal?*

Cabinet Member for Resources: We have no intention to change the opening hours of the contact centre. It is the hubs that we are looking to change the opening times. We have taken into account the need for services offered in the hubs and that's why all the hubs will remain open. In terms of changes relating to the contact centre, we anticipate there may be some increased wait time at high volume time, but it will still be available. There will also be the ability to use 'My Monmouthshire' services via the app for those that are able to do that.

*The increase in adult social care budget is projected by £1 million, whilst there are proposed savings of £2 million. How is this going to be achieved whilst ensuring a decent level of support?*

Chief Officer: This is an extremely challenging task and people are rightly concerned how we will preserve the quality of the service. This is an opportunity for us to regroup in light of the challenges following the pandemic where the priority was 'preservation of life'. Now we need to consider prevention and early intervention and try to work from a strength-based approach, so that we are looking at how people's needs are met through the community and through their own individual and family resilience. We are ensuring we align with our partners to make sure that every resource that is available collectively across health and social care is channelled towards the same aim, so we aren't working against each other and focussing on prevention and reablement should reduce the number of care packages we have to provide and deliver better outcomes for people over the longer term. We are trying to build on things that we have been good at and things we know work, such as community night support services, assistive technology and practicing in a way that gives people early on in their social care journey 'a sense of place', to reduce loneliness and isolation. When it comes to staff efficiencies, we will always look to do things differently, such as the use of digital technology, rather than reduce staffing. The other side of the coin is that we only have a certain amount of money, so we need to maximise the best value, whether this is through direct payments or micro-carers and also by analysing our spend and commissioning of services. We will not compromise on safeguarding ~ looking at people's individual needs takes time to ensure we make the right assessments for people under the Social Services and Well-being Act and also build individual and community resilience.

*You talked about strength-based approach and family support, but aren't we talking about increasing the burden there on unpaid carers?*

Chief Officer: This has been one of our strategic aims to give the maximum support to unpaid carers as they are vital and understanding how we can best support them is crucial. We do assessments for these carers alongside the assessment for the person and try to support the whole family, but support for unpaid carers is right at the heart of the work we are trying to do.

*Are we helping to recruit personal assistants for people who need them?*

Chief Officer: We are trying to support people to use the direct payments for micro-carers, so yes, we are supporting people in this way.

*Children's services ~ there are savings projected of £1.4m, so how are you going to review service delivery and how is this going to be achieved?*

Chief Officer: Our redesign work in Children's Services is focussing on placements and implementing a 'not for profit service delivery module', which involves looking at all of our children who are in a range of different placements to see how we can safely transition children from placements to a longer term arrangement and looking to build our in-house capacity, either through contracting 'not for profit providers' or through joined-up arrangements either with health or with our local authority regional partners. So there's a lot of work being undertaken with housing, working with each child individually, to see how we can support that child to get back into provision in Monmouthshire. We also have to think about best value for money and spending the money in the right way to get the best outcomes for the young person.

*There is a chronic shortage of foster carers. Would it be sensible to review what financial and support benefits for foster carers are in place and to assess why there is such a lack of foster carers? There is a vital need to attract people in different circumstances, such as those in full time jobs and I feel there's a need for better linked help. The support seems to be generally daytime and perhaps it isn't matched with the needs of people who would like to become foster carers, so if this could be alleviated, it could assist the situation with the high cost of residential care. There seem to be increasing numbers of children to be looked after, so what policies are in place to support families, so children don't enter the system, as surely it is better to keep families together if at all possible.*

Chief Officer: Your points are at the heart of what we do and we would like to see over the next 1-3 years the majority of our children supported by in-house quality Monmouthshire foster carers. It's an ongoing national issue, but we trying to recruit foster carers via our fostering strategy and major media campaigns that can bring a local focus. The gains are slow, but the trajectory is an upward one. So we are focussing on increasing and expanding placement opportunities as discussed, but we are also focussing on the preventative agenda, so preventing young people from needing to be taken into care and we feel that the stabilisation of numbers of children coming into care over the last 3 years has been greatly affected by the significant investment in early help and preventative family support services that seek to de-escalate the situation, working alongside the family for up to 18 months to try to turn complex family situations around. We know the pandemic will have brought about new challenges, but we feel we have a good suite of family support services, which are well placed to assist and we are extending the in-house service for high risk rehabilitation, where we are currently relying



on other providers. This will be a more cost-effective model for us but will also deliver better outcomes.

*The service you refer to will be for families where a need has been specifically identified, whilst I question whether this resource may be better spent even earlier, at the anti-natal stage, rather than the points where problems occur?*

Chief Officer: The ante-natal work is more outside of our remit and is more the brief of Flying Start, but the service I just discussed will be for families where intensive support is required, however we have a full suite of family support preventative service for each tier of need, seeking to help with issues as soon as they are first identified.

*The learning disability and mental health teams, what proposals are there in this area? I see a proposed £300k saving through modelling, does this include the closure of Tudor Street.*

Chief Officer: There's only a small portion of this that is set against staffing changes, the majority is looking at making sure we are pursuing all of our continuing health care cases and making sure that the packages of care delivered to people are the right ones. With regard to your final point about Tudor Street, the answer is no, it does not.

*I see Gwent Music funding has been reduced. Has this been discussed with them, as they do self-fund also?*

Cabinet Member for Education: It was with a heavy heart that we had to make the reduction and we were the last Council to do this. We have retained a hardship fund to support pupils if their families are unable to afford it. We have discussed it with the head of the music service and whilst it was very disappointing for them, there was an acknowledgement of the position.

*How much is in the Gwent Music Hardship fund and how many pupils do you think will access it?*

Cabinet Member for Education: It's £9k and Gwent Music work with us to identify pupils in need, so it's not based on the Free School Meals assessment as we wanted to widen it.

*In terms of the shortage of low-cost housing, how can we chase the development, as planning permission has already been granted on some sites.*

Chief Officer: We try to do everything we can to hasten developers, and as you know we want to encourage affordable housing, but it is a difficult position for us.

*The borrowing costs of £7.1m to meet capital expenditure costs, does that include repayments?*

Deputy Chief Executive: Yes, it does.

*The proposal of a 5% net increase in the schools' budget for next year, but a 2.8% efficiency saving needed to close the resource gap, requiring schools to tap into reserves. Some schools have very small reserves, so are they at particular risk, and can you give us an example of where the efficiency saving may come from?*

Cabinet Member for Education: You are quite right. Schools are funded via the funding formula so we can provide support to the head teachers, but it will be difficult for a few schools. The Council delegates money to the schools and cannot tell the governing body how to use the money. We do keep a small amount centrally, but these cover statutory things such as school transport and support for additional learning needs, so the term efficiency saving is a misnomer. We will seek to minimise the reductions to individual schools budgets, whilst still retaining all of the services. An example for a saving is in the education psychology service where there is a vacant post. It is difficult to have to make savings in the education budget, but we are in unprecedented times. We have increased the overall budget to schools by 5%. We are expecting some grant funding that we hope may mitigate the effects of budgetary savings proposed, for example to the education psychology service.

*In respect of Children's Services, I note a £1.4m resource gap to be met from £1.4m proposed savings as a result of reviewing service delivery to ensure a more cost-effective service. We have discussed mechanisms to save money in previous meetings, so what more can be done in this regard?*

Chief Officer: The most cost-effective way of saving money is to not have children needing to be looked after, but to achieve this, you need to have really good preventative services in place at every single stage and you need to be able to respond as soon as vulnerabilities are identified. We sometimes don't know about crises at an early stage, but mostly, you can identify them and intervene early. When children do need to come into care, we cannot compromise on outcomes and so the ideal is to place them in Monmouthshire with Monmouthshire carers, so we are reviewing the financial

support that is provided and are really driving that agenda and doing so at a national level, to avoid being in competition with each other. I spoke earlier about the residential placements and the need to change the way we commission that care so that we can deliver the best outcomes for people, either via in-house or 'not for profit' placements.

*I'm still unclear about the cuts to the education psychology service and I'm concerned about SENCOM services for children and young people. Is there a commitment to carry on the SENCOM service?*

Cabinet Member for Education: It was very difficult to identify where to make savings and we felt strongly services should remain in schools, so we had to balance services and we decided that we could defer the appointment of the vacant education psychology post, but continue to support schemes that the education service has been promoting that are delivered day to day in schools, which are making a tremendous difference, such as every primary school having a skilled higher level teaching assistant to provide support for emotional behaviour. So the reassurance I can give you is that we thought very carefully about where the greatest impact is made.

Finance Manager: There are no planned reductions for SENCOM.

*The exercise referral schemes, are there any proposed cuts as a reduction of leisure centre hours?*

Deputy Chief Executive: There are no planned reductions to the exercise referral scheme for next year.

*Why are the income shortfalls £800k and what can be done to address them? I believe as a rural county that expecting people to not use cars to travel is unrealistic.*

Deputy Chief Executive: The shortfalls and savings have been referenced in the report, however market circumstances post pandemic have exacerbated the situation, an example being leisure centre footfall. We've discussed the social services position in significant detail.

*In your presentation, you referred to homelessness standards being 'modern Wales' standards. What does this mean?*

Cabinet Member for Resources: I was referring to the legislation by Welsh Government as they felt some councils weren't providing a base level of support for homelessness.

*In terms of the MENCAP contract for adult services, which is due for renewal in April, with £2m savings proposed, are there likely to be implications? I understand contracts were previously allocated on a 3 year basis, and due to the uncertainty, they have had to reduce service users from 60 to 40, which has caused distress and anxiety for service users.*

Cabinet Member for Resources: Whilst we are waiting for the outcome of the review, it is our intention to renew the current contract for 1 year to allow the review to conclude.

*MENCAP haven't been contacted yet as part of the review, so are we renewing the contract or are will there be an assessment of what they are providing?*

Deputy Chief Executive: The three-year contract has come to an end and the contract will be extended within the current contract term, but there is a desire to review the contract, which is standard practice, acknowledging that MENCAP is the only provider in the south of the county.

*In terms of the Education Achievement Service (EAS), I note that we reducing our contribution by 10%, as are some other authorities, so what is likely to be the impact?*

Cabinet Member for Education: Each of the partners in the partnership are suggesting reductions, but not equally, so I cannot comment on those of other partner authorities. I have met with the EAS and they are considering how they will be able to plan for further cuts this year.

*In respect of the pressures on schools and the impact on teaching staff, what is morale currently like?*

Cabinet Member for Education: I think sometimes teachers are frustrated and angry and whilst I made a statement about industrial action at Council recently, I hope that unions and teachers can resolve issues to reduce impact on learners after 2 very difficult years.

*It's mentioned that the funding for the Monmouthshire and Torfaen Youth Offending Service is due to be reduced. What will be the likely impacts?*

Chief Officer: One of the main costs is the accommodation, so that will be the key area for consideration, along with some realignments of duties and business support functions.

## **Summary:**

The Committee undertook thorough scrutiny of the budget proposals for 2023-2024. During the discussion, questions focussed on a wide range of issues and explanations were given, however the following key issues were highlighted in debate:

- Ensuring schools continue to receive funding from the Sustainable Communities for Learning Programme and that Chepstow Comprehensive receives it's long-awaited share.
- Whether there will be negative implications of the proposals to increase charges for waste services and also negative implications of the proposals relating to car park charging.
- The changes to contact centre opening times and any impacts on service users due to potentially longer call times.
- The savings relating to Adult Social Care budget and the need to ensure that these don't impact on the Council's ability to provide high quality services.
- Children's Services redesign, the cost of placements and the need to increase foster carers.
- Understanding the savings proposed for learning disability and mental health teams.
- Understanding the education savings, particularly the education psychology service saving and the implications for schools currently in deficit of proposed savings.
- The implications if reduced funding for the Education Achievement Service.
- Gwent Music ~ request for pupil numbers accessing Gwent Music Hardship fund.

## **Meeting Close**

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## Place Scrutiny Committee Special Meeting 2<sup>nd</sup> February 2023

### 1. Apologies for Absence.

Paul Griffiths.

### 2. Declarations of Interest.

None.

### 3. Public Open Forum.

No submissions were received.

### 4. Budget Scrutiny: Scrutiny of the Budget proposals for 2023/24.

The Cabinet Member for Resources presented to the committee the proposals for 2023-2024 (presentation available online) prior to the committee asking questions.

#### Challenge:

*What reassurance is there that the proposed reductions, especially for grounds maintenance and the community improvement team, won't undermine the ambition for the county to be a greener place to live? What is the potential impact on rural villages?*

Cabinet Member for Resources: We have committed £750k towards decarbonisation as part of this budget, which is the principal goal of reducing environmental impact in the county. We also have bio-diversity written into this budget.

Recycling Strategy Manager: In terms of the reduction in the Community Improvement Team, we did have two teams, largely recruiting prisoners from Prescoed, but it has been increasingly difficult to recruit them, so we now have one team operating. We want to channel that work into the Council's grounds maintenance functions, so the public shouldn't notice a reduction. Where we have reduced mowing as part of the 'Nature isn't Neat' programme, we do have a little more capacity there to do more planting with community involvement. We currently mow 14 times a year but plan to reduce it to 10, but still cutting paths through green amenity spaces that are used, whilst also continuing the Nature isn't Neat' programme.

*Is the Cabinet Member satisfied that the 'reconfiguration of sweeping functions across the county' won't undermine the positive contribution to addressing the climate and nature emergency?*

Recycling Strategy Manager: The reason for reconfiguring the sweeping function is to provide a greater sweeping function. Currently we have 2 part-time staff undertaking sweeping and a litter picking, but we feel that losing the two part-time posts and having a full-time mechanical sweeper which will undertake the litter picking will be more beneficial and save costs. The town councils have also bought into the expanded town teams, and this has given us more cover in Chepstow and Abergavenny, so we have seen great improvements there and we would like to implement the approach elsewhere, backed up with more mechanical sweeping.

*To what extent can the mechanical solution be applied to littering in more rural areas? Would a physical solution be more effective in this context?*

Recycling Strategy Manager: There are no changes to how we manage sweeping in rural areas. We have 3 large sweepers for the rural areas and 3 small ones in the town centres and there is capacity for the smaller ones that are sometimes parked up to do more sweeping in out-of-town areas, so the intention is to increase, not reduce sweeping.

*In the preceding financial year, Monmouthshire was one of only a handful of authorities to not issue a single penalty notice for littering – is there resource to pursue those, particularly given the increase in littering and fly tipping? Were budgetary allocations considered made for these and, if so, why were they discarded?*

Recycling Strategy Manager: We are not aware of a large increase in flytipping, not at a level that would indicate an upward trend, although there is a slight increase across Wales, but I can return to the committee with the date. (**Action:** Carl Touhig). In terms of issuing Fixed Penalty Notices for littering, we have long wanted to adopt this for littering and dog fouling and Welsh Government were developing a national strategy and we had hoped for an 'all Wales' approach, with enforcement backed by Welsh Government, but this hasn't materialised. We remain hopeful for the strategic direction nationally.

*In the Cabinet paper, fig.1 gives a total expenditure of £311m, but fig.4 shows £208m. What is the difference between the two tables as it's unclear to the casual observer?*

Finance Manager: Quite simply, it's that the second figure is taking into account specific grants that are expected to be received, but I understand this could be better explained.

*What is the additional revenue gained by the council for each 1% of council tax increase, so that we can gain a sense of scale?*



Cabinet Member for Resources: 1% according to our calculations is in the region of £630k.

*There is concern about the robustness of the figures in the Decarbonisation 1 and 2 proposals: the energy awareness campaign's projected saving is based on a 5% saving across the board – how was that figure tested? Why 5%? How predictable are the savings, and what is the margin of error?*

Chief Officer: Officers have looked at other organisations to see what we could achieve if we did things like switching lights off and using some buildings less, so that is an estimate, but we will be establishing a forum across the council of relevant officers to ensure we are all aware of how we can make those saving and we will raise awareness through a communication campaign.

*The increase from the income of the solar farm is not specifically decarbonisation of our existing footprint. What is the margin of error on the £150k as it says it is uncertain? Has there been any further investigation?*

Cabinet Member for Resources: I believe the solar farm figures are uncertain due to the uncertainty and fluctuation in process, but the Chief Officer can clarify.

Chief Officer: We are trying to set a prudent level, but we have achieved over and above this figure to date.

*Capital investment is required for some things: e.g. pool covers and HVAC changes. What's the return on investment – how many years before we get money back?*

Chief Operating Officer for Mon-Life: The cost of heating pool water is astronomical at the moment, with 75% of the Mon Life budget being utilised for energy costs, but pool covers do more than just keep the water temperature stable, as they also enable us to reduce the temperature in the buildings. We previously had pool covers which for various reasons were removed and we believe the costs of outlay will quickly be recovered, as currently we have to keep the heating on for a day to move the pool temperature up by 2 or 3 degrees, so it's a huge energy drain and having to remove and replace water also then incurs more cost to reheat it, but we have to drain and replace water to meet environmental health standards. We will return to the committee with the 'return on investment' figure (**Action:** Ian Saunders).

*To achieve £70k for additional walking routes, it doesn't say what capital investment is required? It's £150k, which would have been useful to have in the paper at that point.*

Cabinet Member for Resources: I think you answered your own question, but I note your point about the difficulty in finding the figure.

*More specifically, away from just pool covers, my point was more about whether we applying any benchmark for measuring return on investment, so that we have clarity on how revenue expenditure is delivering a return on investment for capital investments (Action: Jonathon Davies).*

*What is the impact on increased car use and possibly reduced enrolment in sixth forms of raising the price for concessionary travel? And reverting to statutory distances for free school transport? There's no assessment for that in the report. Does it take into account where there are no available walking routes?*

Chief Officer: This will depend on whether families decide not to use the discretionary concessionary fares and pay the additional charge in order to provide transport for their children. The consequence will be whether they are able to walk to school or use other modes of transport, or whether the family determine that the best route would be to use a car. I would suspect that whilst there is an increase in the cost, the increased charge would still be cheaper than driving the children to school. It is in line with what the Public Bus Network charges, so we have tried to set it at a sensible level.

*Some of the Monlife savings involve transferring costs between budgets, which are not then real savings.*

Chief Operating Officer for MonLife: It does depend on the lens through which you look at this, as there's no profit being made, it's more cost recovery for a service that was very valuable. Schools do go outside of Monmouthshire for courses and pay huge costs, so this is a small cost for the service they get and the headteachers seem very supportive of the service.

*Under ML22, Gilwern, there is no explanation of where the £100k saving will come from?*

Cabinet Member for Housing: We have started a review of the Gilwern Outdoor Education Service in the context of the new education curriculum, noting the appetite of schools to return to the residential experience that was so popular with families, so we want to keep this affordable. We also want to make sure the service to contribute to cost avoidance elsewhere, for example, for providing education to a few young people and if weren't able to do this, we would probably have to seek other options to provide education out of school, which would be more expensive. So the reason it is non-specific, is because all options are on the table and we need to explore various options. We want to make the best use of that resource.

*Part of the saving of £215k in RES24 involves disposing of Tudor St., but the situation has changed – will we update the proposal on that? It also includes places like Drybridge House and Melville Theatre as priority 2 – what consultation was taken with the charities*

*and users of those centres? There is the suggestion that some activities will transfer to Market Hall but that is also to be disposed of – so there is a very concerning lack of coherence between the proposals.*

Cabinet Member for Housing: Similarly to the previous answer, the lack of clarity in relation to the buildings is because the council has a large number of buildings across the county, some of which are being used differently to how they were pre-pandemic. Many are not energy efficient and whilst we have a multiplicity of relationships with community organisations, there is a need to rationalise our use of buildings both short and long term. Before any disposals are made, we would complete a full options appraisal which would be brought to this committee.

*The concern is that we're putting into a budget proposal specific savings in relation to the disposals of assets. We are expected to sign off those figures at council but I would feel very uncomfortable signing off those figures when those appraisals haven't happened, and with a very uncertain outcome. The budget is prejudging some of those decisions by putting them in the proposals, regardless of any process you put in place in the future.*

Deputy Chief Executive: The mandate talks to 21 specific assets that have been identified with the potential opportunity to lead to increased income or reduced cost, or the potential for disposal as part of an exercise of rationalisation of the Council's estate. For each of those, we would need to go through a proper and robust process in order to look to achieve the level of mandate savings that have been positioned within the budget. Clearly the savings figure is not predicated on all of the 21 being brought forward and delivered. We have taken a measured assessment of the levels of risk depending on the level of use of those buildings, the potential to be able to rationalise in some form and for some of those buildings that are currently occupied, they are coming to the end of their respective lease terms, which in any event, offers and opportunity to be able to look to review and as necessary, renegotiate leases. So let us not fall into the trap of thinking that each one of these assets will be closed or disposed of. It's about exploring the live opportunities in front of us to reduce cost, increase income and where relevant and applicable, consider the potential for disposal.

*For clarity, for RES24, the table projects that the savings include 4 of the 6 Priority 1 properties, some of which are still subject to review – so can we have clarity on that? The same case for the savings projected for 2024-2025, so that's my point about pre-judging.*

Deputy Chief Executive: We are in agreement with you. The sizing of the potential saving and in respect of the years, is predicated on the assets that are in our immediate line of sight, as they have been ranked accordingly and the ones that you have referred to, they are not all 'givens', for the reasons that you have outlined and there are processes that need to be worked through, but it is why officers are extending their

radar as widely as possible in the first instance to look at assets that potentially offer some opportunity. Clearly, if we rightly come to the conclusion that some assets are not right for rationalisation, we will look further and beyond, which is part of the process, which is why 21 assets have been initially identified. Work will extend over a 2-year period, so we will monitor and update that as needed. In the context of the budgetary challenges that we are facing, the asset management strategy and plan that we will be looking to develop following approval of the corporate plan will need to ensure our estate is fit for purpose, running optimally and at lowest cost, whilst meeting the needs of our communities at the same time.

*Withdrawing the Gwent Music subsidy is a great concern, an example of a 9-year-old being able to borrow a saxophone via the subsidy and achieve a Grade 6. This an example of the importance of the fund. I don't think £9k is a great amount as a hardship fund to cover the whole county for low-income families?*

Finance Manager for Schools: This was a very hard decision and we maintained the subsidy after other authorities withdrew. The hardship fund of £9k has been in place for a number of years and has actually been underspent, so we will continue to work with Gwent Music to ensure that families that need to access that fund can access it. In terms of the other support we provide to Gwent Music, we provide a subsidy through schools' budgets, which supports whole class provision, so is the scheme your resident's child would have benefitted from, whereby pupils can try out different instruments and we want to still maintain that. One of the decisions we need to make with Gwent Music is whether the music lessons will increase, as we don't want to pass that burden on to families, but we will be working very closely with them to ensure we can provide the best support possible. At the moment there is a budget of £44k across schools to provide the whole class provision, which will form part of the reduction, but we are going to be working with Gwent Music to see what they are going to still be able to provide in terms of whole class provision for schools. Schools can request that and we will be working with schools to see if they want to top that back up to the £44k so that they continue with the whole class provision.

*Regarding school transport, there is concern about the levels of mileage going down. There is a discretionary element as to whether it's a safe route to school. Can we have reassurance that a safe route to school will still be considered? On the concessionary side, it is £880 for a family with 2 kids for the bus, so the car will be used instead, increasing pollution and congestion – what level is being proposed for this increase in concessionary travel and whether there is an allowance for the number of children involved?*

Chief Officer: Yes, it is still part of the assessment process to determine whether there is a safe route to school when the consideration of the application comes in from the family of a pupil, so there is no change there. With regard to the concessionary charge,

at present, it is £440 for the whole academic year. The proposal set out within the budget mandate is to increase that charge from £440 to £550 for a Monmouthshire resident and to increase it to £650 for a non-Monmouthshire resident. In terms of the mileage limits, this isn't something that will be implemented during this academic year, as there would need to be a full public consultation and engagement exercise, so this will be brought back as a separate report to commence the consultation exercise, with the proposed implementation being in October 2023. So the proposal being considered here is to revert back to the statutory limits set by Welsh Government, which are currently more favourable for primary and secondary children, so that would revert from 2 miles for primary children to 1.5 miles and from 3 miles to 2 miles for secondary children, so those are the proposed changes. Our calculations based on current pupil numbers are that it would affect approximately 127 learners who would then not be eligible for free transport. One of the key things we want to do is improve the access for pupils to be able to access active travel routes for walking, cycling and scooter use.

*Is the safe route independent from the mileage, or are they considered together?*

Chief Officer: It will depend if they are entitled to that transport, because if they were entitled to the transport, we wouldn't need to undertake an assessment on the safe route to school, but for pupils within that mileage, we would undertake an assessment of the safe routes to school first. Within the budget mandates, there are some routes which we think could be improved, which could prevent the need for home to school transport.

*With regard to the 21 council assets detailed on page 524, are all of these part of the savings reductions? I would like to see Severn View go to affordable housing, as it is in a perfect location.*

Cabinet Member for Resources: The priority 2 and 3 assets are there as estimates and would need much greater consideration, so no, we are not looking to dispose 21 properties.

Cabinet Member for Housing: In terms of Severn View, there is the question of what we will do with Severn View Care Home when Crick Road Care Home opens and will need further consideration in terms of the capacity, so it's an open question at the moment as to whether it would be brought forward for affordable housing or other use.

*The report isn't clear about the reduction in opening hours for libraries and leisure centres. and how it will affect different users e.g. older people wanting to access in the day – will one group be affected more than others? I would appreciate more detailed*

*analysis on this budget overall and impacts on people. For example, changing opening times of libraires could an impact for older people who may seek to access warm spaces.*

Cabinet Member: In terms of community hubs and libraries, we are liaising with staff at present and we may be reducing staffing levels but not affecting the opening hours.

Cabinet Member for Housing: We are reviewing the opening hours of leisure centres, because we are conscious that people use the leisure centres more in the winter and less in the summer, so we are looking to make any reductions in the times of lesser use.

*Are we confident that enough funding has been allocated for school traffic management improvements, especially as cuts in school transport service budget will mean more children finding their own way to school? Will the children be encouraged to walk, scoot or cycle independently, and how will we monitor the effect of those changes? Are distances measured 'as the crow flies' or 'as walked'?*

Chief Officer: We are hoping the funding will be sufficient to make the improvements needed within the constraints we have. Yes we will monitor it, but as it would be difficult to monitor for each school individually, we will be relying on elected Members and the schools to provide us with feedback. Distances measured are 'as the crow flies', but we try to take into account that in a rural county, we need to take into account the actual route.

*Regarding the Newport Retail Park and Castlegate Business Park, are the figures shown a true representation of costs incurred, including officer time? What are the future plans for these sites? How do they sit with the ambitions in the corporate plan to reduce commuting out of county? How to explain raising or creating car parking fees in county while funding somewhere out of county with free parking?*

Cabinet Member for Resources: The numbers are correct. Newport Retail Park is out of county and has been contentious as an investment, with questions raised. It's not an investment this administration would have chosen to make and we are not seeing the returns we would like, but the economic situation means it's not entirely prudent to divest them either. So yes, we have an out of county investment with an element of risk, but we are where we are and it is part of the Council's asset programme.

Deputy Chief Executive: Just to confirm the figures are accurate and the position evolves on a regular basis and officers and advisers ensure we keep on top of the level of associated risk. This reported up through the Investment Committee and we receive regular performance updates on the portfolio and we continually take an assessment of whether the benchmark returns are met and if not, to determine through the options appraisal whether the asset is retained. The current economic climate is not conducive

to disposal at this point and certainly with Castlegate, it's fair to say that it has been very resilient through the pandemic in terms of its occupancy and yet we have lost Mitel as a tenant, but in its place we have expanded significantly the footprint of other tenants, which is a good news story, with a lot of interest in the remaining occupancy to be let. Newport Retail Park is a different story and we acknowledge the point that it's outside of county, but it is on the periphery and if you look at the habits of Monmouthshire residents, particularly in the south of the county, they make heavy use of it. However, it is a little more volatile, given the nature of it and coming out of the pandemic and the tenancies that are positioned there, but nonetheless despite the levels of risk that you will naturally carry around investments like this, the interest in the retail park remain very strong, so as an investment asset, whether for continued future return or for sale, it is in a good place.

*Even with this price increase, are car parks still being subsidised? Is the funding raised ringfenced for their upkeep?*

Chief Officer: Car parks are not subsidised as we receive an income from them and this is then ringfenced and reinvested into the car park infrastructure, which is quite expensive.

*Residents are concerned about the raise in cost of the green waste collection service, specifically the single payment – if the use falls away will we assume a lack of demand rather than factoring in people being put off by the price? What scope is there for spreading the cost over a year?*

Recycling Strategy Manager: The scheme went live last week with over 3000 applicants, so we're on target. We've looked at the 3 payments system or Direct Debit, but technical difficulties are preventing it at present, but we could look to do it for next year, once we know how many service users we will have.

*What about staggering payments school transport?*

Chief Officer: We already offer spread the payments on this.

*Regarding lowering energy costs, can we turn off lights in some buildings, and street lights in certain areas after certain times? e.g. the lights at Osbaston School within the school grounds are on all night when there are no children there.*

Recycling Strategy Manager: Our street lights are all energy efficient LED technology and we have reduced lighting over the years through dimming programmes, but any shutting off completely would need consideration on an individual case by case basis. We are developing a corporate policy on energy use and are also working with schools to reduce lighting across all of our sites.

*There is a reference to having a litter picker in towns, but Monmouth Town Council pays for its litter picker.*

Recycling Strategy Manager: The repurposing of the cleansing regime is not to reduce cleansing but to make the mechanical sweeper more available more of the time, as it is very efficient. We still very much value the litter pickers and the work that they are doing funded by the town council.

*How would the closure of Bridges be implemented?*

Cabinet Member for Resources: We are not looking for disposal but we are looking at the income potential and as the lease is due for renewal, it would be about putting it on a more commercial fitting.

Deputy Chief Executive: Just to confirm that as we are nearing the renewal of the lease, Bridges have approached us, because they are undertaking very good work there but are keen to explore options. There are aspects of how the building is used that falls more into commercial use, so we might need to explore renewal on that footing.

*Increasing business rates and parking charges will further the decline of town centres. Regarding the Monmouth cattle market, can we not move those stallholders up to Agincourt Square and make the market there more active? Would it not increase the ability to get more people into Monmouth, as half the car park is closed off?*

Chief Officer: Business rates are not something that we as a local authority are in control of setting, this is outside of our remit. There was a commitment by the previous administration and this cabinet to undertake a review of car parking charges and the charging mechanism across the county and this will commence in the new financial year and will be subject to scrutiny. In terms of your suggestions around the cattle market, this is something we can take away and look at.

*If Market Hall is up for selling off, why is so much officer time being spent trying to get the levelling up fund?*

Deputy Chief Executive: Again, this is not about disposal, there are opportunities for income generation through secure tenancies.

*In respect of the £300k of cuts to those with learning disabilities – why are we cutting the support from those who need it most?*

Finance Manager for Social Services: In terms of the mandate, we are looking at the high-cost placements to see if we can strengthen our negotiation and look for



alternatives to those high-cost placements. Another part of the mandate is looking at meeting triggers for continuing health care, to see if they can take over some of the funding, rather than it falling to the Council. This is the biggest part of the saving, and the client shouldn't see any impact, as the client is placed at the centre, but the Council needs to have the conversations around the budget and what it has to fund as opposed to health funding it.

*The increase in basic Councillors' pay to £818k creates a budget pressure of £45k. Would it be wise to reject this pay rise? Will the Cabinet Member and colleagues lead by example and forego their own salary increases for this financial year?*

Cabinet Member for Resources: It would not be my decision as to whether to reject it, this would require a full Council decision, so I'm not in a position to comment. If you would like to send a full motion to Council, you can do so.

*Can the Cabinet Member confirm that with a council tax increase of 6%, based on modelling is it still the case that a single parent with two dependent children will be £784 worse off next year, and a two-parent family with 2 children will be £1200 worse off?*

Cabinet Member for Resources: I'm afraid I would need to confirm this following the meeting (**Action:** Cabinet Member for Resources).

Cabinet Member for Housing: These really are 'worst case scenario' figures for a household using almost every conceivable service and assumes for the single parent household no single persons discount on Council tax, no free school meals eligibility and the use of both home to school transport and pre-school childcare, so I'm not sure that is possible or that it's entirely accurate and we need to refine those figures.

*Will staff have the training and support to be able to do the required continuing healthcare assessments and get proper NHS funding? Is it correct that continuing healthcare is not possible without a direct payment, and will that deter people from going down the continuing healthcare route?*

Finance Manager for Social Services: We have a quality panel that's been operating for many years between the Council and health partners and several years ago we set up a specific post that was an expert in this area and they are instrumental in passing on the knowledge on the requirements and triggers and the negotiations, so we have got this covered. I'm aware of the direct payments issue, and my understanding is that it's not that continuing health care can't take over the funding, it's that they can't pay for the direct payment, so the local authority would still have to service the direct payment, and then re-charge continuing health care. I will check this and let you know if any of my explanation is incorrect.

*Is it correct that the workforce development proposals are to merge the team with a neighbouring authority but be hosted in Monmouthshire?*

Finance Manager for Social Services: In terms of the savings, we are undergoing an exercise of where we can get efficiencies out of the workforce recognising the unmet need. There are areas in the market around recruitment and retention so we are reviewing vacancies to see if we can do something differently and see if improvements could be made through other means.

*The CCTV scheme in Caldicot needs to be made fit for purpose – some of the changes are welcome but Community Safety remains a worry for people in the town.*

Cabinet Member for Housing: Community safety is one of the areas that has been historically under resourced and is one where we are proposing to spend a little more. We have a multiplicity of CCTV systems in the towns, so the proposal is to rationalise and coordinate the systems.

*The Grassroots scheme is very popular and valuable – rather than scrapping it can it be remodelled for our residents?*

Chief Officer: In the budget mandate, we have proposed two options, one being an annual subscription charge, the other being to cease the service entirely, but the subscription option is the recommended option.

*Please can we have more detail about the £550k set aside to fix Redbrook footbridge? Does Gloucestershire County Council have the funds for its half?*

Chief Officer: Within the capital side of the budget, we have identified the potential capital expenditure likely to be incurred over the next three years, so it's for the next financial year, not this year. We are discussing this with Gloucestershire County Council, so the figures are indicative for the next financial year, not this one. If something were to happen in this year, those figures may change.

*For clarity, in respect of Grassroots, will the £30 annual subscription be per household? The overwhelming majority of users are in Newport, Chepstow and Caldicot, areas that are already served by public transport – what plans are there to promote it to users in more rural areas, which was the original intention of the scheme? How many new registrations do we get each year?*

Chief Officer: It is very much something we want to promote because its original intention was for rural areas rather than those where there are public bus services. Some people are using it almost as a private taxi service for work. The charge proposed

is per person rather than per household. I can obtain the number of registrations for you following the meeting (**Action: Frances O'Brien**).

*Public transport around Chepstow is poor, with only one bus on a Saturday from Mathern village, for example. One pensioner there uses the Grassroots service – any increase in charges would affect her. A breakdown of those charges and concessions would be useful.*

Chief Officer: I can provide the committee with a breakdown of charges and concessions following the meeting (**Action: Frances O'Brien**)

### **Summary:**

The Committee undertook thorough scrutiny of the budget proposals for 2023-2024, during which the following key issues and questions were raised:

- Whether there was reassurance that the proposed reductions, especially for grounds maintenance and the community improvement team, won't undermine the ambition for the county to be a greener place to live, and asking what the potential impact on rural villages would be.
- Asking if the 'reconfiguration of sweeping functions across the county' won't undermine the positive contribution to addressing the climate and nature emergency.
- Is there sufficient resource to pursue single penalty notices for littering? Were budgetary considerations made regarding tackling littering and fly tipping in this way and, if so, why were they discarded?
- Asking to what extent the mechanical solution can be applied to littering in more rural areas, and whether a physical solution would be more effective in this context.
- Clarifying the total expenditure figures in the report, and what the additional revenue is for the council for each 1% of council tax increase.
- Concern about the robustness of the figures in the Decarbonisation 1 and 2 proposals, asking how the figure of 5% was reached for the energy awareness campaign's projected saving, and what the margin of error is.
- Asking what the margin of error is on the £150k projected income increase for the solar farm
- What is the return on investment for the capital investment in things like pool covers and HVAC?
- Clarifying what capital investment is required to achieve £70k for additional walking routes.
- The possible impact on increased car use and reduced enrolment in sixth forms of raising the price for concessionary travel.
- Whether reverting to statutory distances for free school transport takes into account where there are no available walking routes.

- Noting that some of the Monlife savings involve transferring costs, which are not then real savings.
- Clarifying where the £100k saving will come from under ML22, Gilwern.
- Understanding why part of the £215k saving in RES24 involves places like Tudor Street, whose fate is not yet decided, and transferring activities to Market Hall, which is also set to close – does the budget prejudge those decisions by including them in the proposals?
- Asking what consultation was taken with the charities and users of the centres in places like Drybridge House and Melville Theatre.
- Regarding withdrawing the Gwent Music subsidy, whether £9k can be considered sufficient as a hardship fund, to cover the whole county for low-income families.
- Regarding school transport, whether there is reassurance that a safe route to school will still be considered, and for concessionary travel, whether there is an allowance for the number of children involved, given the cost of £880 for the bus for a family with 2 kids.
- Whether Severn View could become affordable housing, given its ideal location.
- Clarity about the reduction in opening hours for libraries and leisure centres etc. and how it will affect different users e.g. older people wanting to access in the day.
- Whether the safe route is independent from the mileage, or they are considered together.
- Asking how much confidence there is that enough funding has been allocated for school traffic management improvements, especially as cuts in school transport service budget will mean more children finding their own way to school, and how we will monitor the effect of those changes.
- Clarifying the costs incurred for Newport Retail Park and Castlegate Business park, and the future plans for those sites.
- Clarifying how those sites sit with the ambitions in the corporate plan to reduce commuting out of county, and how it can be explained that these sites are being funded with free parking while raising or creating car parking fees across Monmouthshire.
- If car parks are still being subsidised, and is the funding raised ringfenced for their upkeep.
- Whether payments for school transport or the green waste collection service can be staggered through the year.
- Whether more can be done to save energy by turning off lights and street lights when they aren't needed, such as at school sites.
- Clarification and further detail of how bridge closures would be implemented.
- Whether increasing business rates and parking charges will further the decline of town centres, and whether stallholders at Monmouth cattle market could be moved to Agincourt Square to make the market there more active and free up the car park.

- Clarifying why, if Market Hall is up for selling off, so much officer time is being spent trying to get the levelling up fund.
- Whether reducing hours for libraries and leisure centres will engender staff redundancies.
- Why £300k is being cut in support from those who need it most, i.e. those with learning disabilities.
- Whether members should reject the pay rise that is creating a £45k pressure, and whether the Cabinet Member and colleagues will lead by example and forego their own salary increases for this financial year.
- If the Cabinet Member can confirm that with a council tax increase of 6%, a single parent with two dependent children will be £784 worse off next year, and a two parent family will be £1200 worse off.
- Will staff have the training and support to be able to do the required continuing healthcare assessments and get proper NHS funding.
- Is it correct that continuing healthcare is not possible without a direct payment, and whether that will deter people from going down the continuing healthcare route.
- Clarifying that the workforce development proposals are to merge the team with a neighbouring authority but be hosted in Monmouthshire.
- Whether an impact on training might be that people decide to work for other authorities.
- If the CCTV scheme in Caldicot can be made fit for purpose.
- Whether the Grassroots scheme can be remodelled.
- If there is further detail about the £550k set aside to fix Redbrook footbridge, and whether Gloucestershire County Council has the funds for its half.
- Asking what plans there are to promote Grassroots to users in more rural areas, how many new registrations we get each year, and if the £30 annual subscription will be per household.
- Noting that a further breakdown of the Grassroots charges and concessions would be useful.
- Asking if the lease for Bridges Community Centre is negotiated, will there be grant facilities to cover any increase in rent.

**5. Next Meeting: Wednesday 1<sup>st</sup> March 2023 at 10.00am.**

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## Monmouthshire County Council

### Directorate of Children and Young People

#### Schools Budget Forum Meeting Minutes

#### Minutes of the ordinary meeting held on Monday 30th January 2023 via Microsoft Teams.

#### **4. Budget 2023-24.**

Members received a presentation from the Cabinet member for Resources Cllr Garrick.

The presentation highlighted the following main points:

This has been an unprecedented year with the cost of inflation spiralling due to Brexit, the pandemic, gas prices and the war. This has contributed to the council facing £26m of cost pressures that has not been known before.

- £11.9m on services
- £4.5m energy
- £7m pay award
- £3.2m treasury costs.

The CYP budget is the largest budget £59m (32%) followed by Social care and health £58.4m (31%).

The authority holds a low level of reserves and while the income to MCC is better than originally expected services are required to make £11.4m of savings to balance the budget.

The school's budget is increasing by 5% however there are savings expected to be made which are detailed later. Social care is increasing by 7% but again savings will be expected in the budget to help reduce the gap.

The proposed increase in council tax is 5.95% costing the average band D home £1.69 extra per week.

£3m was being held to cover risks such as pay awards which have not been finalised yet.

The main capital budgets for the local authority are the care home in Crick Road and the new 3 – 19 school in Abergavenny.

The ISB budget is detailed below:

- The consequential protection is £2,599k
- Schools will receive an energy pressure of £2,039k
- Schools will receive a pay award pressure of £2,055k (teachers blended rate 4.13% and non-teaching rate 4.25%).
- The a saving of 2.8% or £1,450k will be applied.
- The total uplift for the ISB is £2,644k which is above the consequential.

The uplifted pressures for CYP are proposed as:

- Independent placements (ALN) £244k
- Out of county placements (ALN) £61k
- Early years £60k
- ICT Cloud based tech £55k
- SNRB Staffing £291k
- WM Satellite £102k
- ALN Transport £50k.

The savings for CYP are proposed as:

- 10% reduction in contribution to EAS £40k
- Reduction of a post in Education Psychology £81k \*
- Reduction in the contribution to Gwent Music £100k
- Support Services £25k
- ALN admin £30k \*
- ALN Equipment £22k
- ALN recoupment £100k
- Before school club charges £70k

\* grant funding is being reviewed to ensure that these posts can remain.

Members were then asked for questions:

There were not questions, however one headteacher raised the issue of not being able to balance their budget and that even though the settlement was better than expected this did not correct the underfunding which has occurred for many years previously.



### **Headteacher's Meeting 3rd February 2023.**

Responses to the budget consultation:

Clarity was provided on the 5% uplift for school budgets, the energy and pay pressures are being met and then a 2.8% reduction is being applied.

There were concerns over the proposed reduction of 1 FTE in Educational Psychology, this will affect the most vulnerable children. The Chief Officer for CYP explained that the ALN transformation grant will be able to support this post for the next two years, it is also anticipated that this grant can cover the ALN admin post where there is also a proposed 1 FTE reduction.

Heads asked if there had been any consideration of amalgamating services with other local authorities as this would reduce costs. Cllrs said that amalgamations had been looked at and they would continue to look at these, there have already been several successful amalgamations: EAS / SenCom however tensions can be created where Local Authorities want to reduce their overall contributions. While in the past there has been some discussion around political amalgamations this was not popular and has not been progressed. Welsh Government have created their amalgamations on a regional level such as the Cardiff Capital Region. The Deputy Chief Executive explained that this was being looked at but given that the budget needs to be agreed in March it would not be possible in the timescales, however it is a significant work that would be progressed.

Heads raised that the increase in breakfast club charges would hit low-income families significantly and, in some cases, it would result in parents having to give up work as they would not be able to afford this. In this proposal the unexpected consequence needs to be considered. It was also raised that schools are not holding large reserves and in some cases they are in a deficit, any reductions would result in staff being made redundant and in most cases it will be those staff that support the most vulnerable pupils. It was asked if council tax could be increased so that the cuts would be less. The Chief Officer for CYP responded saying that there were 3 options discussed for breakfast clubs, reducing the club to ½ an hour just for breakfast and no childcare, delegate the funding to schools so that they can set their own charges or increase the cost to £2 per day. It was a very hard decision to make but it also needed to be remembered that with the roll out of UFSM no primary aged child will need to pay for a school dinner. In discussions with schools, it was understood that families welcome the breakfast club as it allows them to go to work. In addition to this it was not presumed that schools have high reserves and the local authority are aware that as a result of this some difficult decisions will need to be made and there may be schools facing deficits. Schools were reminded that the RRR's grant is being maintained at the same level. Cllrs responded saying that there had been some very hard decisions to be made, but they have a statutory duty to set a balanced budget and the consequences of not doing this will result in other regulators making decisions on the cuts for MCC not knowing our communities. It also needs to be remembered that a number of the children in our schools are also being supported by social services and that budget needs to be protected as well.

Heads asked if it was possible to charge different rates to different families depending on what they could afford, for example could wealthier families pay more for breakfast clubs and music lessons and lower income pay less. The Chief Officer for CYP said that this was not in our gift to solve this but understood the problem. In addition, the local authority does not hold the data to look at means testing families. The Deputy Chief Executive detailed the tax reforms that are being debated with Welsh Government and this will result in different charges based on property values.

Cllrs acknowledged the request to increase council tax higher than the proposed rate but stated that this decision would not be acceptable by all members.

There were a number of questions raised via MAPS the cost of the Welsh Medium school is funded by a capital grant from Welsh Government and they have confirmed their commitment to the school.

The withdrawal of a grant has resulted in support for transition from year 6 – 7 at a county level, the grant that replaced this, the terms do not allow for this work to continue.

Other questions raised included could the EAS contribution be cut by more than 10% as other authorities were looking to do this, the Chief Officer explained that this would put schools and the Local Authority at risk and that a number of authorities were maintaining their contribution.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Joint Advisory Group County Hall, Usk - Remote Attendance Thursday, 16th February, 2023 at 10.00 am

**PRESENT:** County Councillor Rachel Garrick (Chair)  
County Councillor Martyn Groucutt (Vice Chair)

County Councillor Phil Murphy

Robin Grant (Unison)  
Robert Gibbs (GMB)  
Zoe Elsmore (NASUWT)  
Andrew Haigh (NEU)  
Suzanne Hamer (NAHT)

#### **OFFICERS IN ATTENDANCE:**

Matt Phillips	Chief Officer People and Governance and Monitoring Officer
Geraint Edwards	Solicitor
Will McLean	Chief Officer for Children and Young People
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Jonathan Davies	Head of Finance
Toni Pugsley	Human Resources (HR) Advisor
Richard Williams	Democratic Services Officer

#### **APOLOGIES:**

Jan Davies (UNISON), Mark Morris (NASUWT) and Sally Thomas.

#### **1. Declarations of Interest**

None received.

#### **2. Budget Scrutiny: Scrutiny of the Budget proposals for 2023/24**

We received a presentation by the Cabinet Member for Resources regarding the Budget Proposals for 2023/24, as part of the Council's Budget consultation process.

It was noted that the consultation period will be completed at the end of today, 16th February 2023 and final budget proposals will be presented to Cabinet on 1<sup>st</sup> March 2023 and then to Full Council on 2nd March 2023.

It was noted that informal dialogue had also been held with the Trade Union Side as part of the Budget consultation process leading up to this meeting.

The Committee was understanding of the level of challenge that the Council is facing in respect of the budget for 2023/24.

## **MONMOUTHSHIRE COUNTY COUNCIL**

### **Minutes of the meeting of Joint Advisory Group County Hall, Usk - Remote Attendance Thursday, 16th February, 2023 at 10.00 am**

The Budget consultation period was scheduled to close at the end of today should the Trade Union Side consider submitting any additional information in respect of the Budget for 2023/24.

We noted the Cabinet Member's presentation.

#### **3. Confirmation of Minutes**

The minutes of the meeting held on 14<sup>th</sup> November 2022 were approved as an accurate record.

#### **4. Next Meeting**

Monday 24th April 2023 at 10.00am.

**The meeting ended at 10.34 am.**

## **Governance & Audit Committee 16<sup>th</sup> February 2023**

**(Extract):**

### **Item 8. Assessment of Internal Audit Team Capacity and Resource**

Whilst recognising the budgetary challenges facing the Council, this Committee views the proposed removal of 1 FTE from the audit function (representing c18% reduction in resourcing) as having a disproportionately adverse impact on the function's ability to provide necessary levels of independent controls assurance. Further, the Committee notes the resignation of the CIA which when considered alongside the proposed headcount reduction is likely to result in an unacceptable level of discontinuity and adverse impact on the audit work programme. Consequently, this Committee recommends that the Council does not proceed with this proposed reduction in headcount at the current time.

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# BUDGET

**2023/24 DRAFT BUDGET  
PROPOSALS**

**BUDGET CONSULTATION  
JANUARY/FEBRUARY 2023**

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**HAVE  
YOUR  
SAY**

## Consultation for the 2023-2024 budget proposals

Press release issued 10/1/23 to launch consultation.

Posted on MCC website <https://www.monmouthshire.gov.uk/2023/01/budget-consultation-in-the-midst-of-the-cost-of-living-crisis>

Picked up by my local press online and in papers:

<https://www.southwalesargus.co.uk/news/23288467.11-4m-monmouthshire-council-budget-cuts-2023-detailed/>

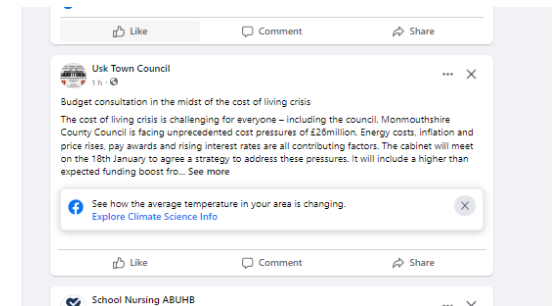
<https://www.southwalesargus.co.uk/news/23243619.monmouthshire-council-tax-increase-april-2023-revealed/>

And shared by local community groups, town and community councils, as well as Ward Members.

Consultation also shared to all schools, and all users of My Monmouthshire (14.5k residents)



Facebook reach 1,670





## Promoting the engagement sessions

The engagement sessions were listed on the press release that went to all media, and included on the budget home page. We also created Facebook events for them and shared with community groups. A full schedule of posts promoting them were included both on **Facebook and Twitter, Instagram and LinkedIn**.

All users of **MyMonmouthshire (14.5k)**, all schools and all town and community councils were also sent the dates.

### Face-to-face budget consultation events

- Monday 23<sup>rd</sup> January, 6pm. Caldicot Hub, Woodstock Way, Caldicot
- Tuesday 24<sup>th</sup> January, 6pm. Chepstow Hub, Manor Way, Chepstow
- Wednesday 25<sup>th</sup> January, 6pm. Usk Hub, 35 Maryport St, Usk
- Thursday 26<sup>th</sup> January, 6pm. Shire Hall, Monmouth
- Tuesday 31<sup>st</sup> January, 6pm. Magor CIW Primary School, Magor
- Tuesday 7<sup>th</sup> February, 6pm, Abergavenny Hub, Abergavenny

### Online budget consultation events

- Thursday 2<sup>nd</sup> February, 10am & 6pm (two sessions – images below)
- Friday 3<sup>rd</sup> February – MyMates
- Monday 6<sup>th</sup> February – Youth Forum

### Events

Past



TUES, 7 FEB  
**Budget - Have your say**  
Event by Monmouthshire



THURS, 2 FEB  
**Budget - Have your say**  
Event by Monmouthshire



THURS, 2 FEB  
**Budget - Have your say**  
Event by Monmouthshire



TUES, 31 JAN  
**Budget - Have your say**  
Event by Monmouthshire



THURS, 26 JAN  
**Budget - Have your say**  
Shire Hall, Monmouth · Monmouth  
Event by Monmouthshire



WED, 25 JAN  
**Budget - Have your say**  
Event by Monmouthshire

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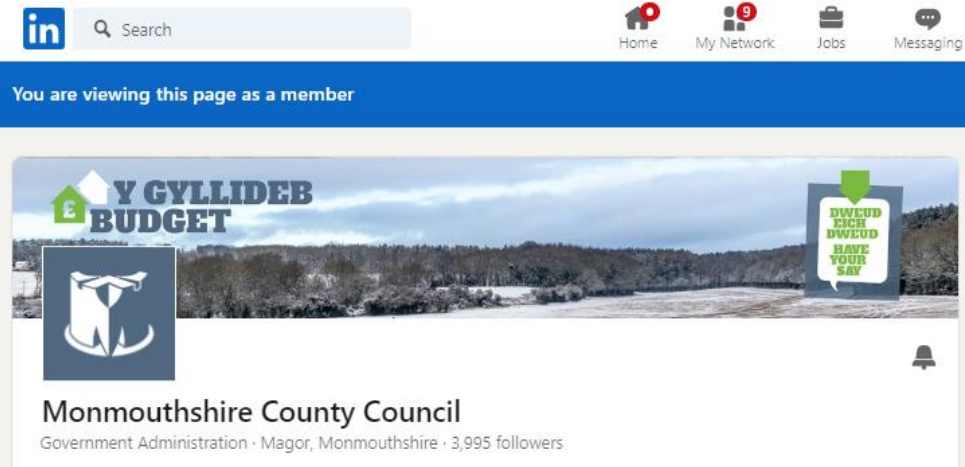


## Promoting budget engagement on all channels

All our online channels have been branded with budget artwork and links throughout the consultation period to raise awareness of the consultation. This has included an interactive banner on the front page of the council's website, and all social media accounts

**Facebook, Twitter, Instagram and LinkedIn**

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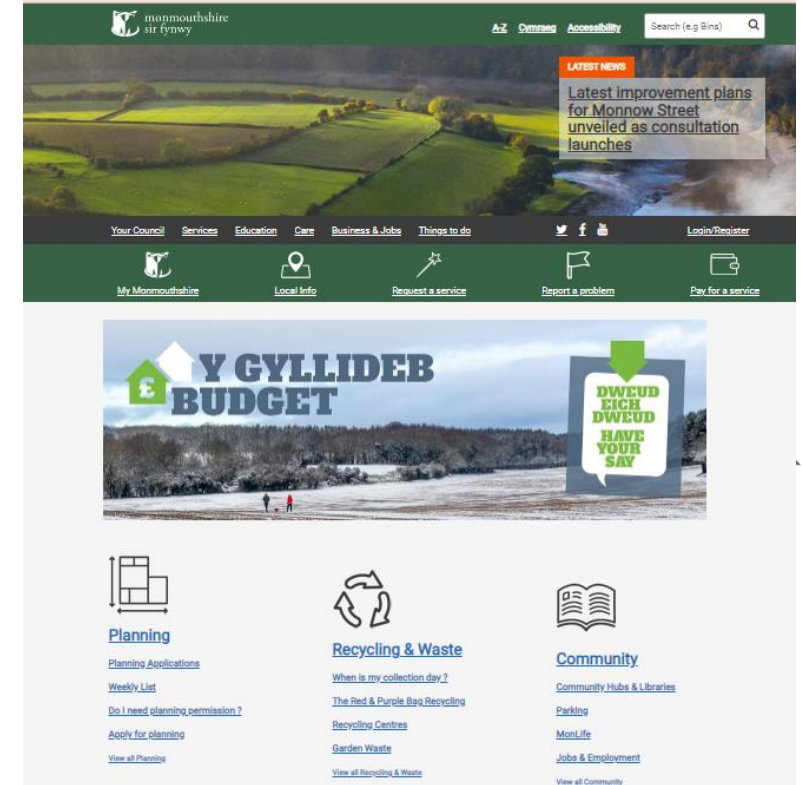
LinkedIn profile for Monmouthshire County Council. The profile picture and banner image feature the 'Y GYLLIDEB BUDGET' branding. The banner includes the text 'DWEUD EICH DWEUD HAVE YOUR SAY'. The profile name is 'Monmouthshire County Council' with 3,995 followers.



Twitter profile for Monmouthshire (@MonmouthshireCC). The profile picture and banner image feature the 'Y GYLLIDEB BUDGET' branding. The banner includes the text 'DWEUD EICH DWEUD HAVE YOUR SAY'. The profile name is 'Monmouthshire' with 51.2K tweets and 19.4K followers.



Facebook page for Monmouthshire. The cover photo features the 'Y GYLLIDEB BUDGET' branding. The banner includes the text 'DWEUD EICH DWEUD HAVE YOUR SAY'. The profile name is 'Monmouthshire' with 17K followers and 200 following.



Monmouthshire website homepage. The header features the council logo and navigation links. The main content area includes a 'LATEST NEWS' section with a headline about 'Latest improvement plans for Monnow Street unveiled as consultation launches'. Below the news section is a navigation bar with links to 'Your Council', 'Services', 'Education', 'Care', 'Business & Jobs', and 'Things to do'. The footer features a grid of service links including 'Planning', 'Recycling & Waste', and 'Community'.



Cyllideb 2023-2024  
**Cyllideb 2023-2024**  
Erthygl wedi ei diweddaru: 25th Ionawr 2023



**Cynigion y Gyllideb ar gyfer 2023-2024**  
Gwelwch y dogfennau isod i ddarllen yr holl gynigion ar gyfer cyllideb 2023-2024. Bydd arolwg ar gael trwy'r dudalen hon o 18fed Ionawr tan 16eg Chwefror 2023 i ddal eich adborth, felly cymerwch beth amser i'w gwblhau.

[DRAFT REVENUE AND CAPITAL BUDGET PROPOSALS 202324-01 SW.doc](#) [Llywtha i lawr](#)  
Mae'r holl ddogfennau ategol o ran cynigion y gyllideb i'w gweld ar yr [Agenda ar gyfer y Cabinet ar Ddydd Mercher, 18fed Ionawr, 2023, 5.00 pm](#) ([monmouthshire.gov.uk/cy/](http://monmouthshire.gov.uk/cy/)) o dan eitem 6.

**Dweud eich dweud – ffyrdd o gymryd rhan:**

[Yr Arolwg Cyllideb](#)

**Digwyddiadau ymgynghori cyllideb wyneb yn wyneb**

- Dydd Llun 23<sup>ed</sup> Ionawr, 6pm. Hyb Cil-y-coed, Woodstock Way, Cil-y-coed
- Dydd Mawrth 24<sup>ed</sup> Ionawr, 6pm. Hyb Cas-gwent, Manor Way, Cas-gwent
- Dydd Mercher 25<sup>ed</sup> Ionawr, 6pm. Hyb Brynbuga, 35 Maryport St, Brynbuga
- Dydd Iau 26<sup>ed</sup> Ionawr, 6pm. Y Neuadd Siro, Trefynwy
- Dydd Mawrth 31<sup>ed</sup> Ionawr, 6pm. Ysgol Gynradd Eglwys yng Nghymru Magwyr, Magwyr

# A budget homepage on the website to host all info

Home pages were created to host all the budget proposals, information about the consultation and included direct links to the survey

<https://www.monmouthshire.gov.uk/budget-2023-2024/>

<https://www.monmouthshire.gov.uk/cy/cy-llideb-2023-2024/>

These pages were clicked on 1687 times (by 10<sup>th</sup> Feb)

Budget 2023-2024  
**Budget 2023-2024**  
Article last updated: 25th January 2023



**The Budget Proposals for 2023-2024**  
View the documents on the links below to read all the proposals for the 2023-2024 budget. A survey will be available via this page from 18th January evening until noon on 16th February 2023 to capture your feedback, so please take some time to fill it in.

[20230118-Cabinet Draft 2023-24 Revenue-Capital Budget for consultation-Covering report-Final-v2](#) [Download](#)  
All supporting budget proposal documents can be found at [Agenda for Cabinet on Wednesday, 18th January 2023, 5.00 pm](#) ([monmouthshire.gov.uk/](http://monmouthshire.gov.uk/)) under item 6.

**Have your say – ways to get involved:**

[The Budget Survey](#)

Closes noon 16th February 2023

**Face-to-face budget consultation events**

- Monday 23<sup>rd</sup> January, 6pm. Caldicot Hub, Woodstock Way, Caldicot
- Tuesday 24<sup>th</sup> January, 6pm. Chepstow Hub, Manor Way, Chepstow
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- Tuesday 31<sup>st</sup> January, 6pm. Magor CIW Primary School, Magor
- Tuesday 7<sup>th</sup> February, 6pm, Abergavenny Hub, Abergavenny

## Internal communications

### Budget Digital Cwtch

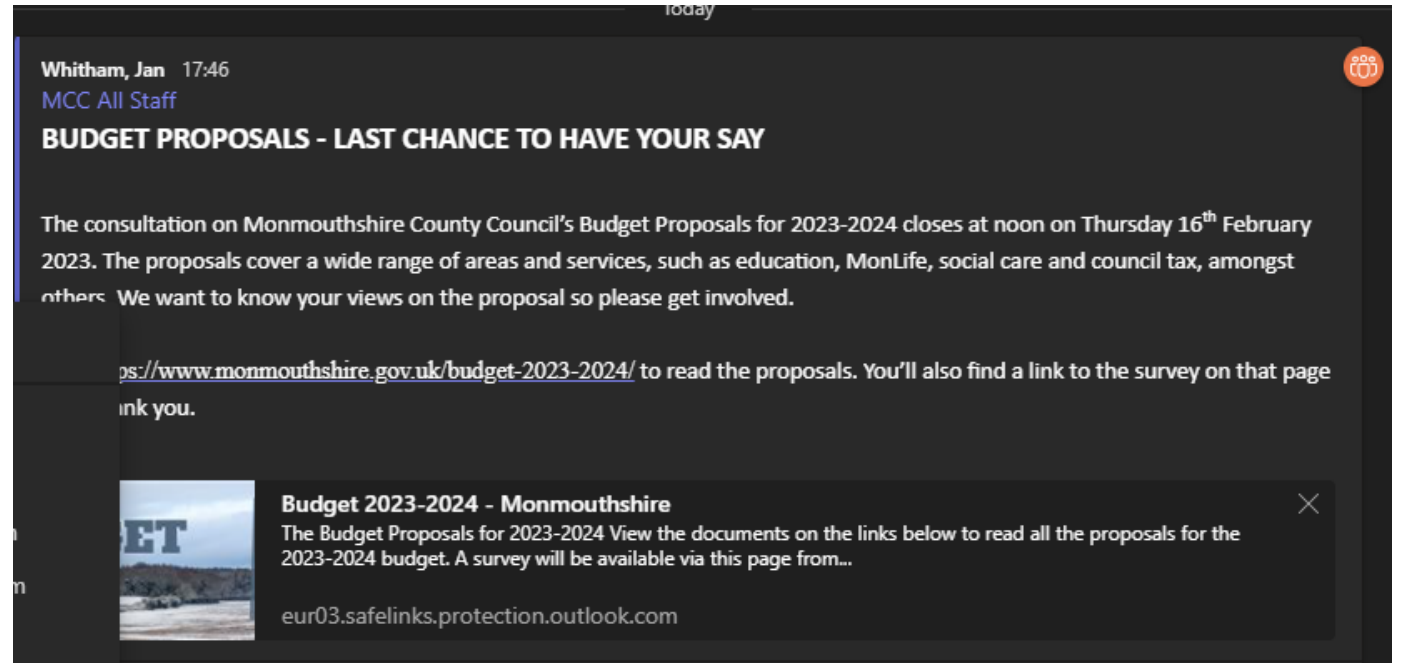
170 attendees

Initial launch release sent to all staff.

All engagement sessions promoted in Compass

All staff email, all schools, all town and community councils, and all ward members sent 8/2 to encourage responses

Also posted on the All Staff Teams channel



## The face-to-face events

**Monday 23<sup>rd</sup> January, 6pm. Caldicot Hub, Woodstock Way, Caldicot**

Nine attendees. Questions around the rising costs within MonLife and proposed savings. Answered by Mary Ann Brocklesby and Sara Burch.

**Tuesday 24<sup>th</sup> January, 6pm. Chepstow Hub, Manor Way, Chepstow**

Four attendees. Questions around the proposed increase in discretionary charges, and car parking etc. General comments and feedback on concerns about the High Street, traffic and businesses. Strong opposition from one person on increase of garden waste charges and on the proposed 5.95% increase in council tax.

**Wednesday 25<sup>th</sup> January, 6pm. Usk Hub, 35 Maryport St, Usk - No attendees.**

**Thursday 26<sup>th</sup> January, 6pm. Shire Hall, Monmouth**

Five attendees. General questions about the council's staffing structure and expenditure. Questioning why the savings cannot be made over a shorter time period. Concerns about what savings in the social care/adult services will mean and explanation given by Chief Operating Officer Jane Rogers and Cllr Mary Ann Brocklesby.



## The face-to-face events

Tuesday 31<sup>st</sup> January, 6pm. Magor CIW Primary School, Magor

Five attendees.

### PRE-SUBMITTED QUESTIONS

- How much has the change to the local speed limit cost for the 2022/23 financial year and what is the consequent impact on the 2023/24 budget ie what is the incremental change to the 2023/24 and how much will that add to the council tax for 2023/24?

### Questions on the night

- Why does Monmouthshire get the least funding per capita in Wales
- Comments: So we have around 400 empty second home sin Monmouthshire. We have an issue with homeless people. I have had a below inflation payrise since 2009, my mother in law has downsized to a 2 bed bungalow but the value of the bungalow means she pays a lot more in council tax than working people do. What kind of impact assessment has been done on these vulnerable groups. Have we learned lessons from what other councils have done. We have seen Thurrock council fall due to financial issues.
- Q: Education - from schools perspective it's easy to say the 2.8% efficiencies, in reality schools will get in right across the board. For education to continue there is one solution to cut, and that is bodies, less staff. QUESTION How are you as an LA are you going to ensure pupils are not left behind - wellbeing, education perspectives in this cost of living landscape. I fear for our young people and the vulnerable, older part of community.
- Q2 - perfect storm of housing. WG tried to increase liabilities on landlords (private) and they're moving out of the sector. Now we have people accommodated in hotels... how do you square that? - referring to Renting Homes (Wales) Act



This Facebook post has a reach of 4,995

## The face-to-face events

Tuesday 7th February, 6pm. Abergavenny Hub

Seven attendees.

Positive feedback on the level of engagement, how we are approaching it, etc

You mentioned Spytty - I remember when it was bought by MCC, I understand it was bought as an investment. But given the situation have you considered selling it, even at a loss

New question/comment - re staffing as a way of saving money. Gentleman referring to experiences saving 10% on staffing charges, by moving staff, changing job descriptions etc, done with unions involved. Overall they cut staff quite considerably. There are prob MCC staff not full utilised. It was a mammoth way to save money over a year

Comment on the money we use on private services for young people and adults. It's amazing how much one child in care can cost a council. There's a lot of work to be done in that area to save a lot of money. The gentleman would encourage MCC to look in that area for savings.

Suggestion of using private homes for homeless people rather than using B&B.

...it's a total revelation to me that children/social care is such a big part of its budget

Any increase in council tax and increase on other charges will have an impact on families. Mentioned raise in garden waste charges. Small increases have a big impact on people who have little support available

Specifically referring to care line as well. Cllr Burch talking about ensuring that services are joined up, and the lady who raised it making point that many who are eligible for council tax relief do not know they can claim, plus attendance allowance etc.

Another lady commenting - a lot of people only just managing. This increase (CT) how are you going to be able to sell this to the ordinary person who is just about managing. Also the increase in green waste charge.



# The online budget events

Thursday 2<sup>nd</sup> February

Sessions were recorded – recordings uploaded to the Budget homepage and on YouTube (public setting)

<https://youtu.be/c7SDR-mhjQ8>

<https://youtu.be/SzbzsQ4wpu8>



Online Budget Session 10am Thursday 2nd February 2023

Monmouthshire CC 455 subscribers | Analytics | Edit video | 0 | Share | Download | ...



Monmouthshire County Council - Online Budget Session 6pm Thursday 2nd February 2023

Monmouthshire CC 455 subscribers | Analytics | Edit video | 0 | Share | Clip | ...



## The online budget events

Thursday 2<sup>nd</sup> February – 10am livestream

11 attendees

PRE-SUBMITTED QUESTIONS

- I would like to know the management structure of the council. Also, if the number of managers is being reduced. Streamlining is essential. We can no longer support a non-effective organisation.
- What is the council pension burden? Are final salary pensions still being offered to new employees? Why, when Monmouthshire is one of the poorest counties do we insist on paying the CEO a similar salary to other counties?  
It is nonsense to say you that need to pay the going rate to attract good people. We pay the council employees salaries and we have no control over what they are.

Q&A QUESTIONS

- Page 75
- I do have a question but firstly wanted to give some feedback. I want to thank MCC for putting on the events both the face to face and this webinar. It's good to see the detail to understand the pressures you are facing and to think about how we can all work together to manage both at home and across Monmouthshire.
  - How confident are you that you can get council members from different parties to agree the budget proposals and the Corporate Plan? Thank you.
  - There was a slight error in the headline budget figures of £500,000? Regarding the £500,000, £26.6m minus £15.7m equals £10.9m, I think the figure used is £11.4m?
  - Green waste charges are increasing from £22 to £50 per bin. I would be concerned that the level of increase will put pressure on individuals to look at alternatives such as fly tipping. Paying more for a a recycling service seems a little harsh morally and ethically?
  - Can the politicians confirm how they are preparing for more years of unprecedented change instead of short term knee jerk 12 month budgets and reactions? We are now in our 3rd "unprecedented" year - Brexit, Covid, War in Ukraine - it's really just BAU now so how does this budget deliver on more than just the next 12 months
  - Will all members from all parties please agree to stop divisive behaviour and rhetoric on social media as it does nothing to promote politics as being clean/fair or attractive to our younger generations ?

## The online budget events

Thursday 2<sup>nd</sup> February – 6pm livestream

16 attendees

### LIVE QUESTIONS

- What consideration/ action is the council taking to work with other local authorities to share resources, develop capacity across LA boundaries?
- Can you provide detail of the kind of services that residents will see an increase in charges please
- What does fairer price for services mean?
- I am absolutely against restricting opening hours of the LC in Caldicot. This is NOT tolerable to me. The repercussions of not being able to do physical activity in the evenings is huge.
- Can you provide detail of the kind of services that residents will see an increase in charges please
- Why don't you reduce the heating of the pool from a very hot 29 degs to 27 or 27.5 - it doesn't need to be at 29!
- swim 4 eves a week late in the winter and summer.
- Why don't you reduce the heating of the pool from a very hot 29 degs to 27 or 27.5 - it doesn't need to be at 29!
- Can you give an example of what the discretionary fees and charges of 1.4m will be?
- How much money is spent on out of county placements for children and have these costs been scrutinised carefully?

### PRE-SUBMITTED QUESTIONS

- How will the budget change if the economy improves or declines please?
- Monmouthshire has increased using private sector and agency staff since covid lockdown and failed to review services which have not been reinstated but staff continue to be paid and premises are empty. How is this justified as cost effective?
- Monmouthshire wastes a lot of money on ill-conceived projects, unnecessary works (eg badly revamping a town centre and inconveniencing traders for months on end so that some cease trading, mowing non-existent grass in a drought, filling tiny pot holes in country lanes on Saturday bonus rates.
- What has happened to the retail properties MCC previously purchased - are they making a loss or profit?
- Do you publish data on the costs associated with statutory responsibilities vs non-statutory responsibilities - if so, would be grateful if the link could be shared.
- Will Crick House be up and running in the next budget year? Will it be staffed in house or with external providers?
- Tip booking. Can we go back to turning up or speed up the booking process as it takes 2 days between wanting a tip trip and first availability. With green bins being more expensive then fewer people will use this option, so tip runs need to be easier.
- Traffic solutions for the Severn Bridge and High Beech roundabout. Also new rules to shut it at 40mph expected wind speed means so much more traffic issues. Apparently the filtering will no longer be in place because between 2016-18 there were 30 incidences of abuse towards staff manning the slip road and filtering traffic. Can the height detection equipment be used instead, or the safety of officers be addressed rather than shutting the bridge at lower wind speeds? This is a budget issue because it involves money to solve.

## **The online budget events**

### **My Mates, Friday 3<sup>rd</sup> February livestream**

Cllr. Rachel Garrick talked everyone through the current budget position and some key elements of it in plain English. Rachel gave everyone the opportunity to ask any questions that they might have.

- It was mentioned that the leisure centre pool has felt colder lately. Suggestions that it would be preferable for it to be open and colder than close it – query if the temperature of the water is probably cooler to save money
- General comment that it's good to know this stuff
- Mention of a meeting about trying to keep My Day My Life (Tudor St) open
- A participant said that they want Tudor Street kept open
- General comment on enjoyment of bowling and crazy golf
- Another comment on enjoying going on the train and the bus to Cardiff
- The disabled discount card/pass was discussed for train travel – the train journey is preferable in terms of the times for travel. Better to get the train so you're not stuck (buses not as good in terms of times)

## Youth Forum, Monday 6<sup>th</sup> February

One young person described today as a positive change from previous years' budget consultation events for young people - as the budget presentation was interesting and understandable compared to previous meetings about the budget.

Notes from Monmouthshire's Engage to Change Group's budget discussion

- 7 young people joined
- Young people were a mixture of different ages (from 14-17), gender, ethnic backgrounds and one person described themselves as an LGBTQ+ champion (this young person didn't describe the gendered pronoun that they identify with)
- Young people who attended live in Monmouth, Abergavenny, Chepstow, Ross and Tintern
- Schools attended were King Henry, Chepstow School, Monmouth Comp, Monmouth Boys and one person is home schooled
- Cllr Brocklesby, Cllr Garrick and Cllr Sandles joined
- General discussion held by Cllr Brocklesby
- Cllr Garrick talked through key elements of the budget presentation (a chat as opposed to presenting the slides) inc. schools budget, education psychology and Gwent Music mandates in detail

Questions from young people:

- Q. Do you cover all schools in Wales? A. We cover all schools inc. special education
- Q. Welsh Gov gives funding – would Monmouthshire County Council rearrange its budget so WG changes some priorities e.g. Welsh language, mental health support etc. A. it's a really good question, has anyone heard about the Future generations and wellbeing goals for Wales? We focus on those and follow those priorities
- Q. Re schools being given 5% update in funding. Will schools have discussions about funding as well as today's session A. yes we're speaking to head teachers at schools and heads will speak to representatives in schools

Young person suggested having wellbeing champions in schools linked to Mind training

- Is there anywhere, where young people can volunteer to help people in the community?
- Can you email us and give us the opportunity to respond via email. Cllr G agreed to send the details to all young people so they can read, digest and respond. (I mentioned the online section of the website and link to the survey)

## The survey

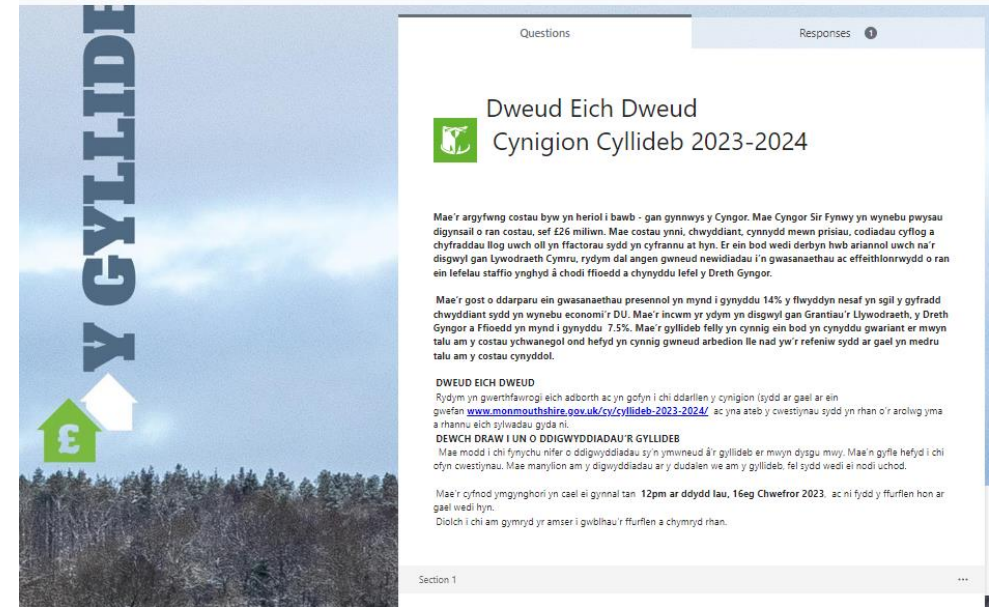
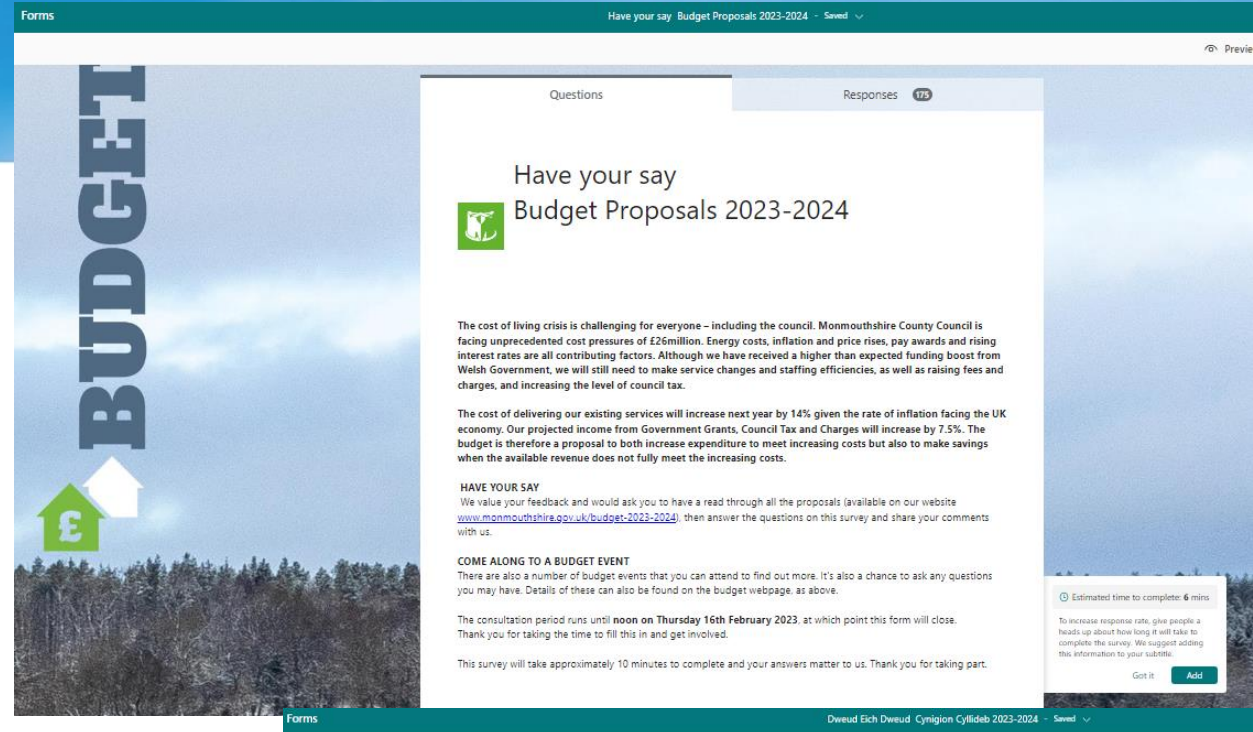
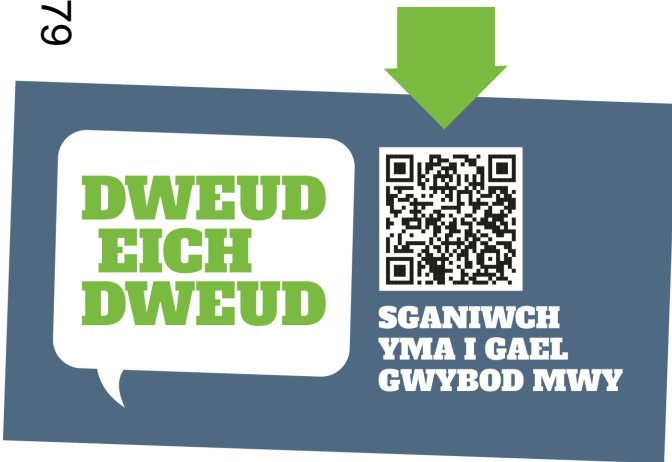
Separate surveys were created in Welsh and English with links directly from the budget home page. This page was promoted in a wider range of posts across all channels throughout the budget consultation.

Paper surveys were also produced and shared at all the face-to-face events.

QR codes were created to link to the budget page and used in promotional posts

**238 English surveys were completed online and 2 in Welsh. 4 paper surveys were completed** – the online survey was promoted at the f-2-f events also.

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## **The consultation survey results – 244 responses**

Budget Survey results finalised on 16<sup>th</sup> Feb 2023 (NB. The missing % in the figures below are those who answered 'neutral')

**Question 1: Do you agree that a 5% increase in school budgets is the right balance between the needs of schools and other budgets in the Council? 46.8% AGREE 31.2% disagree**

**Question 2: Do you agree with the proposed savings that will see changes to charges and services that we currently provide in support of schools? 57.3% DISAGREE 32.0% agree**

**Question 3: Do you agree with the proposed increase in expenditure in adult social care and the comprehensive review of care being delivered? 55.2% AGREE 21.5% disagree**

**Question 4: Do you agree with the increased expenditure on Children's Services and the review of service delivery? 60.3% AGREE 16.4% disagree**

**Question 5: Do you agree with the proposed savings that are being brought about by a remodelling of our Learning Disability and Mental Health teams? 49.3% AGREE 30.3% neutral 20.2% disagree**

## The consultation survey results – 244 responses

Budget Survey results at noon 16/2/23 (NB. The missing % in the figures below are those who answered 'neutral')

Question 6: Do you agree with the retention of leisure centres and cultural facilities, the increased expenditure and the proposed savings? **54.4% AGREE** 27.4% disagree

Question 7: Do you agree with these proposed reductions in mowing schedules? **70.46% AGREE** 15.1% disagree

Question 8: Do you agree that we need to look to find innovative ways to reduce our impact on the environment through reducing the costs of running and maintaining the council's buildings and vehicles? **83.54% AGREE** 9.28% DISAGREE

Question 9: Do you agree with us needing to increase discretionary fees and charges as a result of increasing costs and inflation? **43.45% DISAGREE** 40.5% AGREE

Question 10: Do you agree that the proposed council tax increase of 5.95% is an appropriate balance between the need to continue local services and recognising the financial pressures on households **63.29% DISAGREE** 24.0% agree



## The consultation survey results

### Sample of some of the comments from residents in response to “what matters to you”

- That you strive to enhance the quality of the lives of the people who live in Monmouthshire.
- Quality of council services and local environment, with minimal impact on family finances.
- To reduce the impact on children and vulnerable adults.
- Council tax and education and recycling/rubbish collection
- **Safe streets and walking routes** - in recognising the limitations of the county and the potential expansion for reliable, consistent public transport, walking needs to be promoted and the structures put in place for people to feel safe doing so. **Street lighting and the lack of is a real concern**, again due to the nature of the county, there is less ambient lighting in places and can make walking feel like a real risk when it's dark. **Ensuring walking routes feel safe and adequately lit**, especially for women and girls and the increased risks posed to them, would be of great importance to me.
- **Public Toilets - investment is needed** in ensuring these are maintained and cleaned to a hygienic standard.
- School funding, waste and recycling collections, libraries and leisure centres. **We already pay some of the highest Council Tax in Wales.** Our family cannot afford a further increase in Council tax. **We would prefer a small increase in fees for things such as car parking, entry to leisure centres to raise the extra revenue required.**
- **Increased funding for schools** - not just for wages and energy costs.
- **To have proper regular rubbish collections. Not to have to pay extra for garden waste** collections.
- **Chepstow. This town is now gridlocked with traffic.** Daily traffic jams at High Beech Roundabout in all directions. Something needs to be done.
- **House building- for goodness sake stop building so many houses in the south of the county.** There is no infrastructure to support these houses but you just keep giving approval for them. More houses approved in Undy but no infrastructure to support them. Schools are full.
- **Regular rubbish collections.** Not being asked to pay high charges to have garden waste collected. **Keeping council tax as low as possible** - it is currently too high!
- **Education, additional needs support** for children from an early age.
- **Delivery of essential services. Social care**
- **Care - meals on wheels, help in homes, home help, green spaces. Integrating disabled young adults into the community**
- **Road maintenance, Adult mental health provision, Recycling, Bin schedules**
- **Education and support for schools**, surely they are our future cutting their budgets is just going to make everyone's life harder for many years to come.
- Objection to the proposed changes to school transport from two Mathern residents who contacted MCC directly. Concerns that walking to school along that route to Chepstow put children in danger and it goes against message encouraging people to use public transport. Also that it will lead to more cars travelling to/through Chepstow.



## The consultation survey results - Who has responded:

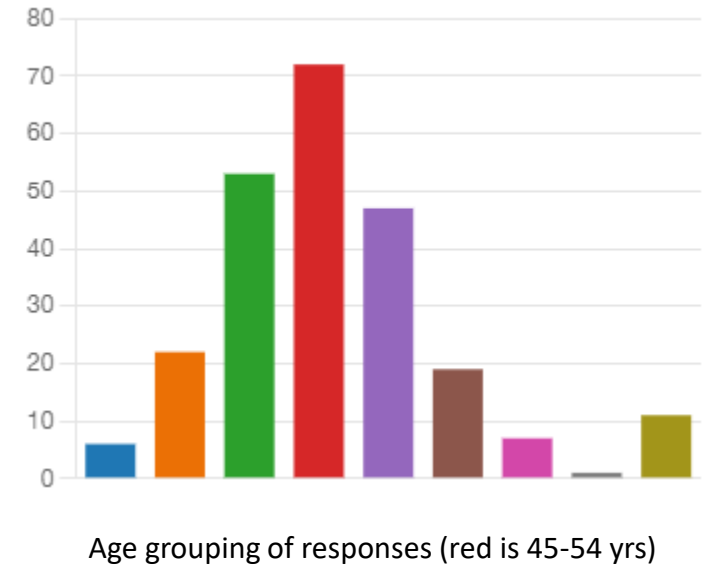
**Nearest town/village:** Chepstow were the lead responders at **23.2%**, followed by Abergavenny 15%, Caldicot 14.3%, Monmouth 12%, Magor & Undy 10.54%, with the remaining % spread between Usk, Raglan and Tintern. 10.54% did not identify their nearest town or village.

**Age group:** The largest response was from the **45-54 age group (30.37%)**, followed by 35-44 (22.36%), then 55-64 (19.8%). One person over 85 responded.

**Nationality:** The largest response from those who identified as **Welsh (43.45%)**, followed by British (29.95%). Four EU citizens responded, and three non-EU citizens.

**What gender do you identify as:** **51.4% were women**, 37.5% men. The remaining responses were 'prefer not to say'

**Sexual orientation:** 79.3% heterosexual. Four respondents answered gay, six answered bisexual, 14.3% chose prefer not to say and five chose self-describe



## The consultation survey results

### Who responded:

**Ethnicity:** 81.85% answered 'white British'. Two answered 'Asian or Asian British', one answered 'multiple ethnic groups' and 11.81% people chose not to say. 11 people answered 'other'

**Religion:** 49.7% answered 'no religion or belief', 33.3% 'Christian', 13.9% 'prefer not to say'. Two people answered 'Jewish' and two 'Buddhist', and four 'other'.

**Disability:** 12.2% said they would consider themselves to have a disability as defined by the Disability Act. 10.9% ticked 'prefer not to say'

**Caring responsibilities:** 62.44% of responders stated they were either acting as a primary (54.85%) or secondary (7.59%) carer.



12.2% said they were disabled (blue), 10.9% chose prefer not to say (green) and the remainder (orange) said no.

## The consultation survey results

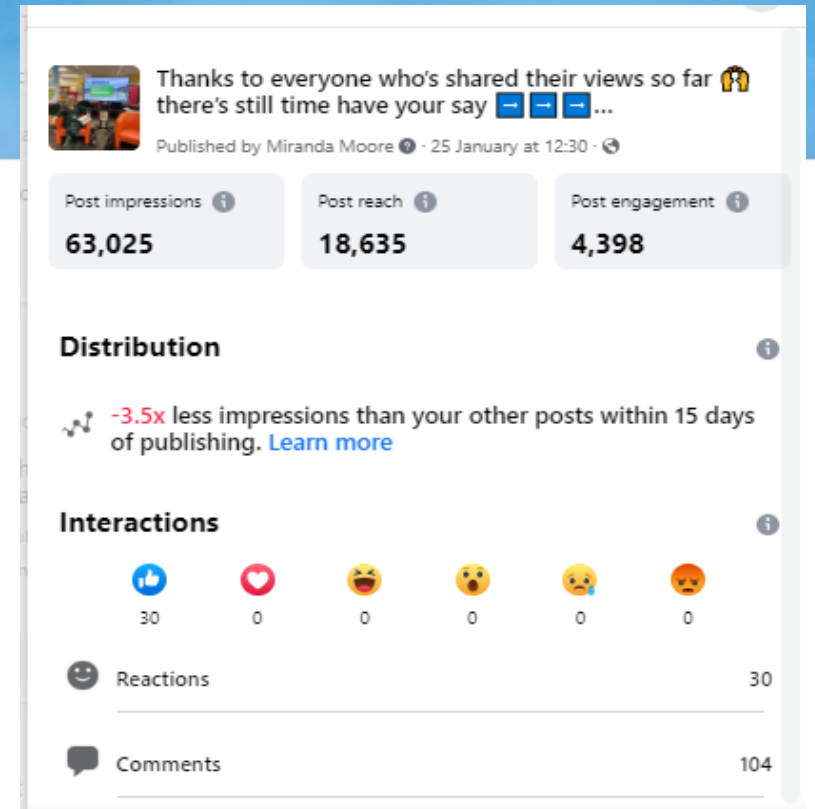
### Views on social media:

Facebook posts promoting the engagement sessions have reached 6k-8k per post. Generic posts linking to the survey have achieved a reach of 1.2k average per post. This boosted post (below) on Facebook reached 63k people and led to 253 clicks on the link to the survey.

Page 50  
A lack of belief that MCC will actually listen to comments and that people's views will not change anything. Overall comments were negative. Questioning green waste charges, council tax increase and linking it to the new 20mph rollout (why 'waste money' on this etc)

50  
***"We can share our views, however MCC really doesn't listen. The councillors who are either retired or have second jobs are paid a more than adequate wage to support their constituents. More than doubling the charges for their green waste annually without consulting is not democratic. Access to the tip should be without appointment, which would help reduce fly tipping."***

***"How do you justify a 78% increase to collect garden waste?!!! £28 to £50 is incredulous [sic]."***



## The consultation survey results

### Views at the face-to-face events

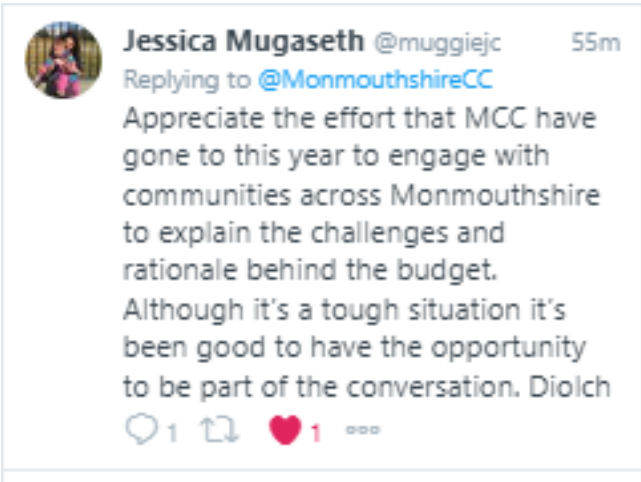
The cost of garden waste collection was mentioned at most of the events. The proposed rise in council tax was raised and questioned as was MCC's own staffing/organisation (*"I would like to know the management structure of the council. Also, if the number of managers is being reduced. Streamlining is essential. We can no longer support a non-effective organisation"*), as was possible reduction in hours for the leisure centres.

Page 88 There were comments regarding our staffing and expenditure, whether MCC could be more efficient. Overall concern was linked, throughout, to the cost of living crisis and the increasing cost of energy.

### Views at our online events

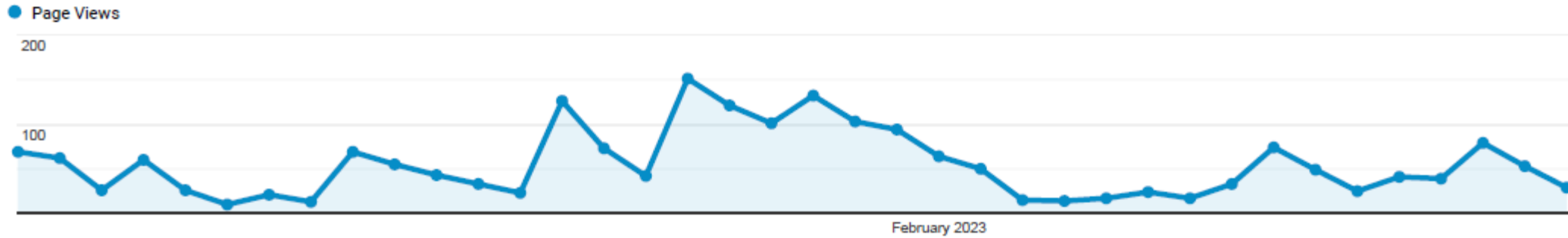
**The two public livestreams on Feb 2nd:** Feedback and comments at the two sessions was wide ranging with no clear single theme. Cuts to the leisure centre hours, the proposed increase in fees and charges (incl. car parking and garden waste) and questions regarding our processes and staffing (incl the use of external providers) were raised.

**The My Mates session and Young People session:** Concerns about keeping facilities open, such at Tudor St. at My Mates. Wider concerns about the impact of cost of living on young people and families expressed at the young people's session.



www.monmouthshire.gov.uk statistics – visit to the budget page.  
 2,075 page views between 10<sup>th</sup> Jan 2023 and 16<sup>th</sup> Feb 2023

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This data was filtered with the following filter expression: Budget 2023-2024

Page Title	Page Views ↓	Unique Page Views	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
	2,076 % of Total: 0.63% (330,007)	1,633 % of Total: 0.64% (256,727)	00:02:53 Avg for View: 00:01:17 (124.63%)	1,242 % of Total: 0.93% (133,530)	75.93% Avg for View: 51.43% (47.64%)	66.67% Avg for View: 40.46% (64.76%)	£0.00 % of Total: 0.00% (£0.00)
1. <a href="#">Budget 2023-2024 - Monmouthshire</a>	2,075 (99.95%)	1,632 (99.94%)	00:02:54	1,242 (100.00%)	75.93%	66.70%	£0.00 (0.00%)
2. <a href="#">You searched for Budget 2023-2024 - Monmouthshire</a>	1 (0.05%)	1 (0.06%)	00:00:02	0 (0.00%)	0.00%	0.00%	£0.00 (0.00%)

Rows 1 - 2 of 2



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**SCAN HERE  
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OUT MORE**

**Table 1a: Change in Aggregate External Finance (AEF), adjusted for transfers, by Unitary Authority (£000)**

Unitary Authority	2022-23 Final Aggregate External Finance [Note 1]	2023-24 Provisional Aggregate External Finance	Percentage difference	Rank
Isle of Anglesey	114,490	123,555	7.9%	12
Gwynedd	213,017	227,843	7.0%	19
Conwy	184,915	198,413	7.3%	16
Denbighshire	173,596	187,871	8.2%	10
Flintshire	232,336	251,747	8.4%	8
Wrexham	207,279	224,621	8.4%	7
Powys	210,090	228,388	8.7%	5
Ceredigion	119,238	129,050	8.2%	9
Pembrokeshire	196,776	212,415	7.9%	11
Carmarthenshire	311,585	338,017	8.5%	6
Swansea	388,409	417,775	7.6%	14
Neath Port Talbot	258,174	276,397	7.1%	17
Bridgend	232,109	249,895	7.7%	13
The Vale of Glamorgan	185,931	202,535	8.9%	3
Rhondda Cynon Taf	441,596	470,847	6.6%	21
Merthyr Tydfil	110,704	118,497	7.0%	18
Caerphilly	317,789	339,610	6.9%	20
Blaenau Gwent	131,057	139,597	6.5%	22
Torfaen	160,218	172,223	7.5%	15
Monmouthshire	112,020	122,490	9.3%	1
Newport	265,502	289,211	8.9%	4
Cardiff	543,810	592,891	9.0%	2
<b>Total unitary authorities</b>	<b>5,110,643</b>	<b>5,513,888</b>	<b>7.9%</b>	

**Table 1c: Aggregate External Finance (AEF) per capita, by Unitary Authority, 2023-24**

Unitary Authority	2023-24 Final Aggregate External Finance Funding (£000)	Final Aggregate External Finance per capita (£) [Note 2]	Rank
Isle of Anglesey	123,555	1,781	12
Gwynedd	227,843	1,876	7
Conwy	198,413	1,700	15
Denbighshire	187,871	1,957	4
Flintshire	251,747	1,611	20
Wrexham	224,621	1,654	18
Powys	228,388	1,719	13
Ceredigion	129,050	1,813	10
Pembrokeshire	212,415	1,700	16
Carmarthenshire	338,017	1,789	11
Swansea	417,775	1,710	14
Neath Port Talbot	276,397	1,925	5
Bridgend	249,895	1,700	17
The Vale of Glamorgan	202,535	1,509	21
Rhondda Cynon Taf	470,847	1,958	3
Merthyr Tydfil	118,497	1,976	2
Caerphilly	339,610	1,896	6
Blaenau Gwent	139,597	2,047	1
Torfaen	172,223	1,846	8
Monmouthshire	122,490	1,298	22
Newport	289,211	1,814	9
Cardiff	592,891	1,621	19
<b>Total unitary authorities</b>	<b>5,513,888</b>	<b>1,754</b>	



## **Response to Welsh Government on the Provisional Settlement**

Tim Evans  
Local Government Funding Policy Branch,  
Welsh Government,  
Cathays Park,  
Cardiff.  
CF10 3NQ

Dear Mr Evans,

### **Re: Local Government Provisional Settlement 2023/24**

Thank you for the opportunity to comment on the Provisional Settlement announced on 14<sup>th</sup> December 2022.

Cabinet released its draft budget proposals out for public consultation and scrutiny on 18<sup>th</sup> January 2022 for a four-week period. At the meeting Cabinet endorsed this response to the provisional settlement and that provides the views of members.

As we know the funding announced in the Chancellor's autumn statement was not sufficient to protect public service budgets against the immense challenges caused by record inflation and demand upon local government and health in Wales.

In terms of the settlement itself it was welcome news to find that the Council has received confirmation from Welsh Government that it will receive a 9.3% increase in its core funding next year, ahead of the 7.9% average for Wales and where councils across Wales had settlement increases ranging from 6.5% to 9.3%.

It was pleasing to note that the role of local government has again been recognised by Welsh Government and applaud the level of engagement, openness and approachability of the Minister in allowing the settlement to be suitably informed.

The Minister recognized in her letter of 14<sup>th</sup> December that despite the positive settlement Welsh Government was not able to meet all inflation and demand pressures in local government. The consequence of this is that we are still needing to make difficult decisions in setting our budget and all services, including schools and social care, are having to be asked to find savings and efficiencies. We acknowledge the importance of engaging meaningfully with our local communities as we consider our priorities for the forthcoming year. The Council will now be looking to engage with key stakeholders and the public via a wide range of face to face and virtual budget consultation events as well as through its website and social media.

Notwithstanding the positive settlement the services of the Council continue to be under continued, significant and increasing pressure, exacerbated further by the direct and indirect impacts of the cost of living crisis and the lasting impacts being felt from the pandemic. The above average increase has at the very least give the Council

some additional flexibility and choice to respond to the unprecedented strain on the Council's finances and to alleviate the extent of the reductions to local government services and job losses that we would otherwise have had to consider when setting the budget for next year. To that end there are a number of points that we would like to constructively make in response to the consultation on the provisional settlement:

- a) The positive settlement has at the very least allowed us to mitigate and reduce some of the impacts that would otherwise have been felt on frontline services. However, we are still having to reduce the size of the workforce in responding to the budget shortfall needing to be met. Redundancies will need to be considered albeit it at a much reduced level and this highlights that as a lean and efficiently run council we are now been left to have to consider reductions in the level of statutory services we are able to provide.
- b) One notable aspect of concern in the settlement announcement is the position being taken by Welsh Government with regards to pay awards. A significant question mark still arises over the pressures that will arise for pay awards. This again leaves the Council in a difficult position and at the behest of the pay awarding bodies for teachers and local government staff and that could result in further pressures falling on the Council to fund. All at a time when inflationary pressures in the wider UK economy remains and where significant pressure is being placed upon public services by unions to negotiate fair and deserving pay offers. The letter from the Minister that accompanied the provisional settlement confirmed that the settlement includes funding for the 2023/24 pay deal and furthermore states that no further funding will be provided in year and once pay deals are confirmed.

Given the current financial challenges faced this is not acceptable and we call on Welsh Government to engage with pay review bodies and to ensure that they disclose to local authorities the extent of their anticipated pay offers well in advance of councils setting their budgets. The current situation leaves the Council having to ensure that provision is made for this heightened wage and pay forecast from the Office for Budget Responsibility and to the detriment of making further investment in frontline services.

- c) Monmouthshire continues to be more reliant on council tax income than any other council in Wales to meet the needs of its communities. Given the scale of the challenge it is inevitable that council tax will need to rise, although at a rate well below inflation. We will look to listen to feedback through the engagement and scrutiny on the budget and maintain close dialogue with other council leaders and through the WLGA before tabling our proposed council tax increase in March.

Council tax is a key source of income that allows the council to sustain services that meet the needs of residents and in particular those who are most vulnerable. This makes the setting of council tax all the more difficult and at a time when households are themselves struggling and seeing a reduction in their living standards. The council tax reduction scheme is therefore a very important safety net in countering the effects of poverty and inequality and in protecting vulnerable and low-income households. We therefore appreciate Welsh Government's commitment to maintain its funding towards the scheme as part of the settlement.

- d) It is encouraging to note that Welsh Government is continuing to recognise the strain on social care and the care sector across Wales, one highlighted by the current crisis within social care and health. The improved settlement assists in partly mitigating the unbudgeted pressure that the Council is continuing to wrestle with. The Council continues to see increases in complexity and demand across

adult and children's services. Set against a backdrop of an ever fragile care sector where recruitment and retention challenges are leading to increased hours of unmet need.

It is noted that Welsh Government has again included an undisclosed level of funding in the settlement to allow councils to ensure that care workers are paid at least in line with the Real Living Wage. Whilst welcomed the reality however is one where care providers are already having to pay above Real Living Wage in order to attract and retain care workers, recognising the role that social workers and carers play in supporting the most vulnerable in our society. The consequence of this market dynamic on local authorities is increasing budget pressures caused by increasing rates from care providers.

This together with the pay pressures noted above are all but absorbing the increase in funding brought about by the settlement and therefore leaving the Council having to consider a council tax increase for 2023/24 in order to sustain other essential frontline services.

We again urge Welsh Government to come up with a sustainable roadmap and fully funded plan for social care in Wales, and places equal pressure on UK Government to bring forward the funding to enable this. One which recognises the equal importance and role of the NHS and social care. Where sufficient challenge is placed on both the NHS to spend significantly more of their budget on preventative work and on Welsh Government to understand and acknowledge the role that social care has in supporting vulnerable people in more appropriate community care settings and at reduced cost.

- e) The Council remains committed in responding to the needs of homeless people in Monmouthshire. The extent of to which the Council has been unable to secure temporary homelessness accommodation continues result in significant B&B and other associated costs. These resulting from Monmouthshire's unique circumstances that result in a lack of available temporary homeless accommodation that can be identified and brought forward. We are appreciative of the continued level of engagement with the Minister for Climate Change and through her and her officials that have allowed us to discuss flexible approaches that look to allow the Council to make best use of specific grant funding. We ask that this support continues as we look to bring forward innovative solutions to identify and bring forward more suitable accommodation for those in need.
- f) It is worth noting that Welsh Government does not appear to have made any specific revenue or capital provision for the growing number of children in unregistered placements in Wales and where there is no identifiable market provision across the UK. This has been the subject of a number of high profile court cases that have found the local authority as holding the responsibility to provide a solution. These cases are notoriously expensive and without market provision require a Council to source or acquire suitable accommodation to provide such children with adequate temporary and permanent supported accommodation. We ask Welsh Government to work with local authorities such that the associated risks and costs are understood across Wales and such as to allow such exceptional costs to be more effectively managed and met.
- g) The Council welcomes within the provisional settlement the commitment to schools and in passing through the full consequential resulting from the Autumn

statement. We have ensured in our draft proposals that the level of cash uplift to schools continues to recognise in full the consequential funding. As part of this and whilst schools are being funded in full for all pay and energy pressure estimates there will still be a requirement for them to make efficiency savings and that contribute to meeting the wider budget challenge faced by the Council for 2023/24.

The breadth and depth of reform, most significantly in delivering the new Curriculum for Wales and the ALN and Tribunal Act, together with the requirement upon schools to recover from the impact of the pandemic, results in schools facing significant challenges when looking to balance expectation with affordability.

- h) The Council, residents and businesses alike are being challenged during this cost of living and energy crisis. Energy costs have been and are continuing to impact on living standards and the viability and sustainability of businesses.

We very much welcome the package of support being provided to non-domestic rate payers over the next two financial years. Our businesses, towns and high streets are being equally challenged at this time of a cost of living and energy crisis and as they recover from the pandemic. The continuing relief afforded to businesses will be welcomed.

It is disappointing to see recent announcements and that will see a notable reduction in the level of wider UK Government support being made available to support residents and businesses from April. Notwithstanding the challenges facing wider UK public finances the Council is concerned about the impact and lasting damage that this might have and on those most vulnerable in our societies and upon businesses that represent the lifeblood of the Welsh economy.

- i) The Council very much welcomes the updated indicative all-Wales funding increases for 2024-25. This will assist medium-term financial planning. We do however remain very concerned by the medium-term funding prognosis and subsequent to the Chancellor's autumn budget statement. If understood correctly this suggests that public services will see real term reductions beyond 2024-25 and that in no way take account of the increasing demands on local government and wider public services. This is a very real concern and given the state of local government finances at this time and its ability to allow for the needs of communities to be met.

The level of reserves held by a minority of councils also continues to be very high, Monmouthshire finding itself very much at the other end of the spectrum with de minimis levels of reserves held. An opportunity to take account of this in the distribution and/or allocation of specific grants should be taken.

- j) As a rural authority Monmouthshire is confronted by particular challenges in offering services like social care, waste collection, transport and highways across a wide area. Indeed, the council looks to recognise these difficulties by sustaining locally accessible services to combat rural isolation. Monmouthshire again calls on the Welsh Government to base funding on a fairer system, acknowledging the problems rural counties face when providing services. There are also a range of preventative services that will not survive unless the Welsh Government has a long hard look at the way it allocates money across the totality of public services.

- k) Turning to specific grant funding support we ask that Welsh Government provide early notification of grant awards to assist budget planning for next year. Furthermore, and given the extraordinary challenges brought about by the pandemic, the Council asks Welsh Government to give consideration to allow local authorities the flexibility to carry forward unspent revenue and capital grant allocations. Councils across Wales have again had to focus on the response to the cost of living crisis and ensuring that vital services are maintained. The natural consequence of this is that capacity and resources are stretched which impacts on delivery of Welsh Government and the Council's policy objectives that are funded from specific grants.
- l) Monmouthshire also supports and encourages the transfer of specific grants into the settlement and is disappointed that more progress has not been made in this regard. There is no evidence of any major transfer of hypothecated grants into the settlement. Furthermore, I would urge Welsh Government to review existing grant terms and conditions and where current criteria are set in a way that prevents grant being spent or in line with the needs of our communities.

If there are opportunities to put more grants into the final settlement this would be welcomed providing it continues to be distributed on the same basis as the original grant to prevent large changes at a very late stage in the process.

- m) On capital account we welcome the fact that Welsh Government's response to climate change and the nature emergency being embedded into everything it does. Welsh Government's Net Zero Plan aligns with the Council's own commitments and ambitions. The Council does however seek further clarification on funding that will be made available to support the change need by the Council and its communities. Whilst it is welcomed that a £20m Local Government Decarbonisation Fund is being established for 2023/24 it is recognised that a far greater level of investment will be needed to make the transition towards net zero. We are concerned about the impact that this will have upon the progress needing to be made towards reaching our collective goal.

Unlike with the revenue settlement it is disappointing and concerning to see a real term reduction in both General Capital Grant and specific capital grant funding. The Council has placed reliance on this funding to support its capital programme in recent years. The Council like others in Wales faces a number of significant unfunded capital pressures. The Council does not have the benefit of significant useable capital receipt balances to support its capital programme and therefore without the necessary funding support from Welsh Government this results in the Council having to consider further borrowing to enable the most pressing capital investments, risks and pressures to be addressed. Which in turn adds even further to the aforementioned pressures on the revenue account.

One specific and notable concern of the capital settlement for 2023/24 is the consequence that this has on Council's ability to maintain an already creaking road network. Early clarification from Welsh Government on further funding to support highways road maintenance would be welcomed. Regardless of Welsh Governments stated policy position with regards to the cessation of funding for new road building there is still a need for the existing road network and associated infrastructure to be maintained or modified.

We urge Welsh Government to give consideration to a fairer capital settlement for local authorities in Wales and to afford local authorities with the flexibility that would be given through increases in General Capital Funding rather than specific

grants. The need to invest in priority areas such as schools, climate emergency, homelessness and affordable housing provision, waste management, flood prevention and infrastructure remains high, with WG support remaining a critical success factor.

Despite the welcome news that came with the provisional revenue settlement the future funding prognosis remains of real concern and given that the expectations and demands on local council services are continuing to grow and as evidenced by some of the pressures and risks that I have referenced above.

We are keen to continue our close engagement with the Minister as we move forward and to ensure that local government in Wales secures itself on a sustainable footing and that enables us to deliver the services our communities need as well as supporting national and local ambitions for the future. We have shared policy aims and ambitions with a particular focus on reducing the effects of inequality and poverty in our communities and in making a positive contribution to addressing the climate and nature emergency.

As Wales as a nation tackles the cost of living crisis this is a time for us all to work together to minimise the consequences on the most vulnerable in society and to send clear and consistent expectations to the public we exist to serve.

**Yours sincerely,**

**Councillor Rachel Garrick – Cabinet Member for Resources**

**Table 7: List and estimated amounts of Grants for total Wales (£000) [Note 6]**

This worksheet contains one table. Some cells refer to notes which can be found on the notes worksheet.

Portfolio and Grant Name	2022-23	2023-24	2024-25
<b>Total Education and Welsh Language (of which below)</b>	<b>586,020</b>	<b>582,170</b>	<b>589,553</b>
Pupil Development Grant	126,557	127,931	127,931
Education Improvement Grant (EIG) [Note 40]	120,159	120,159	120,159
Local Authority Post-16 Education School Sixth Forms Provision (Mainstream Funding)	102,638	102,638	102,638
Regional Consortia Grant [Note 17]	42,662	40,019	36,076
Universal Primary Free School Meals [Note 18]	40,000	70,000	90,000
Recruit Recover Raise Standards – the Accelerating Learning Programme [Note 18]	37,500	37,500	28,500
Free School Meals Holiday provision [Note 41]	23,765	0	0
PDG Access [Note 18]	22,853	13,596	13,596
Transition support for Minority Ethnic and Gypsy, Roma, Traveller learners [Note 18]	11,000	11,000	11,000
Youth Support Grant	10,806	10,936	10,936
Additional Learning Needs [Note 18]	9,155	9,155	9,155
Additional Learning Needs Transformation grant [Note 18]	6,600	12,000	12,000
Adult Community Learning Provision	5,913	5,913	5,913
Foundation Phase Nursery (FPN) Funding [Note 18]	5,268	5,268	5,268
Community Focussed Schools [Note 18]	4,500	4,500	4,500
Grant to support and promote a whole school approach to Emotional and Mental Wellbeing [Note 18]	4,150	5,375	6,625
Newly Qualified Teachers (NQT) [Note 42]	3,813	0	0
Reducing Infant Class Sizes Grant – Revenue [Note 19]	2,500	0	0
Welsh-medium immersion	2,200	2,200	2,200
Elective Home Education [Note 18]	1,709	1,709	1,709
SEREN	1,000	1,000	1,000
Online Individual Development Plan Grant [Note 18]	924	924	0
Promote and Facilitate the use of the Welsh Language	348	348	348
<b>Total Climate Change (of which below)</b>	<b>315,703</b>	<b>292,820</b>	<b>281,035</b>
Housing Support Grant	169,202	169,202	169,202
Mandatory Concessionary Fares	60,483	60,483	60,483
Bus Services Support	24,900	24,900	24,900
Sustainable Waste Management Grant	16,400	TBC	TBC
Homelessness - No One Left Approach	10,000	TBC	TBC
Homelessness - Discretionary Homelessness Prevention	6,000	TBC	TBC
Cardiff Harbour Authority	5,518	5,400	5,400
Flood and Coastal Erosion Risk Management	5,198	5,389	5,389
Coastal Risk Management Programme	3,040	11,165	TBC
Cledau Bridge removal of tolls (A477)	3,000	3,000	3,000
Affordable Housing Grant	2,515	2,515	2,515
Youth Discounted Travel (My Travel Pass) [Note 37]	2,000	2,000	2,000
Road Safety Grant	1,564	2,000	2,000
Homelessness - Strategic Posts	1,320	1,320	1,320
Transforming Towns Revenue Programme	850	1,000	1,000
Anglesey Airport Grant Funding	800	0	0
Leasing Scheme Wales (Revenue)	794	1,425	2,559
Local Air Quality Support	750	750	750
Local Area Energy Planning - Cardiff Capital Region [Note 39]	325	916	102
Implementation of measures to tackle nitrogen dioxide exceedance	311	201	0
Local Area Energy Planning - North Wales [Note 39]	200	639	114
Enabling Natural Resources and Well-being in Wales Grant (ENRaW) [Note 7]	182	0	0
PRS Leasing Scheme Pathfinder (Revenue)	79	79	79
Local Area Energy Planning - South West Wales [Note 39]	60	181	0
Rural Housing Enabler	58	42	42
South Wales Regional Aggregate Working Party (RAWP)	50	50	50
Waste Planning Monitoring Report – North Wales and South East Wales	48	48	48
North Wales Regional Aggregate Working Party (RAWP)	25	25	25
Waste Planning Monitoring Report – South West Wales	19	19	19
Local Area Energy Planning - Mid Wales [Note 39]	13	50	38
<b>Total Finance and Local Government (of which below)</b>	<b>179,431</b>	<b>305,850</b>	<b>196,899</b>
Children and Communities Grant (CCG) [Note 20]	167,131	160,950	168,399
Retail, Leisure and Hospitality Rates Relief – (non-Covid Element) [Note 21]	11,500	144,100	27,700
Child Burials and Cremation Fees and Additional Financial Support Grant	800	800	800
<b>Total Health and Social Services (of which below)</b>	<b>163,622</b>	<b>108,819</b>	<b>85,846</b>
Childcare Offer	75,750	20,000	0
Social Care Workforce Grant	45,000	45,000	45,000
Support proposals relating to eliminating profit from the care of looked after children	7,670	15,557	19,316
Early Years Integration Transformation Grant	6,000	6,000	TBC
Support proposals relating to radical reform of the care of looked after children	5,900	9,800	9,067
Summer of Fun [Note 38]	5,500	0	0
Childcare Offer- Administration Grant	3,250	3,250	3,250
Family Intervention Fund - Supporting Child and Family Well-being to safely divert cases from Child Protection [Note 7]	3,200	0	0
Adoption Services	2,300	2,300	2,300
Additional Support Grant – Childcare Offer	2,000	2,000	2,000
Funding for local authorities to support age friendly communities	1,100	1,100	1,100
Playworks Holiday Project	1,000	1,000	1,000
Support for Foster Carers' fund 2022-23 (cost of living consequential)	1,000	0	0
Prevention payments for families with care and support needs (cost of living consequential)	1,000	0	0
Implementation of the Performance and Improvement Framework	880	880	880
Foster Wales	559	559	559
National Approach to Statutory Advocacy for Children and Young People	550	550	550
Connected Communities, Loneliness and Social Isolation Fund	477	477	477
Adoption Register for Wales	200	219	220
Young Carers ID card [Note 7]	150	0	0
Safeguarding Boards – training	72	72	72
Pilot extension of the Direct Payments Portal	50	0	0
Data Officer to support Eliminate Profit PTG	30	30	30
Implementation of All Wales Protocol on Decriminalisation of Care experienced children and young adults	30	0	0
Research on Models of Specialist Foster Care	29	0	0
Maintenance of Wales Safeguarding Procedures	25	25	25
<b>Total Mental Health and Wellbeing (of which below)</b>	<b>38,897</b>	<b>42,063</b>	<b>41,063</b>
Substance Misuse Action Fund [Note 22]	36,128	39,063	41,063
Deprivation of Liberty Safeguards (DoLS)	2,769	3,000	TBC
<b>Total Economy (of which below)</b>	<b>11,210</b>	<b>26,031</b>	<b>28,000</b>
Communities for Work+ [Note 20]	8,000	22,000	24,000
Arfor 2	3,000	4,000	4,000
Tech Valleys programme	130	31	TBC
Tech Valleys - Supporting and Developing operational management of 5G Immersive Classroom, Ebbw Vale	80	0	0
<b>Total Social Justice and Social Partnership (of which below)</b>	<b>7,236</b>	<b>6,840</b>	<b>6,840</b>
Period Dignity in Schools and Communities	2,923	2,923	2,923
Violence Against Women, Domestic Abuse and Sexual Violence - Revenue Grant	1,790	1,605	1,605
Community Cohesion	1,120	1,120	1,120
Violence Against Women, Domestic Abuse and Sexual Violence - Needs Based Funding	971	971	971
Violence Against Women Domestic Abuse and Sexual Violence - Revenue Grant - Additional Allocation	211	0	0
Violence Against Women, Domestic Abuse and Sexual Violence - Perpetrator Element	111	111	111
Violence Against Women Domestic Abuse and Sexual Violence - Revenue Grant - Ask and Act	90	90	90
Armed Forces Day	20	20	20
<b>Total Rural Affairs &amp; N.Wales, &amp; Trefnydd (of which below)</b>	<b>1,115</b>	<b>2,107</b>	<b>2,131</b>
Animal Licensing Wales	365	890	914
AONB Resilience Grant	350	350	350
LA Animal Health & Welfare Framework	200	200	200
AONB Sustainable Development Fund – Revenue	100	100	100
LA Dog Breeding Enforcement Project	100	567	567
<b>Total Arts and Sport, &amp; Chief Whip (of which below)</b>	<b>201</b>	<b>201</b>	<b>201</b>
Culture Revenue Grant	201	201	201
<b>Total COVID-19 Finance and Local Government (of which below)</b>	<b>116,200</b>	<b>0</b>	<b>0</b>
Retail, Leisure and Hospitality Rates Relief (Covid Element) [Note 21]	116,200	0	0
<b>Total COVID-19 Climate Change (of which below)</b>	<b>28,000</b>	<b>0</b>	<b>0</b>
Bus Emergency Support	28,000	0	0
<b>Total Ukraine Finance and Local Government (of which below)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Ukraine Funding	TBC	0	0
<b>All Grants (excluding COVID-19 grants and Ukraine)</b>	<b>1,303,435</b>	<b>1,366,901</b>	<b>1,231,568</b>
<b>All Grants excluding COVID-19 grants, Ukraine, TBC and RSG transfers (for like-for like comparison)</b>	<b>1,267,995</b>		
<b>Total COVID-19 grants</b>	<b>144,200</b>		
<b>Total Ukraine grants</b>	<b>0</b>		

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Ref	Pressure/Saving by Directorate	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
CYP	Children & Young People	2,812	94	2,906	(1,918)	0	(1,918)
SCH	Social Care & Health	7,319	115	7,434	(4,349)	1,000	(3,349)
C&P	Communities & Place	3,710	(38)	3,672	(2,482)	79	(2,403)
MonLife	MonLife	1,498	(83)	1,415	(648)	20	(628)
CEO	Chief Executives Unit	146	(4)	142	(341)	0	(341)
P&G	People & Governance	12	0	12	(86)	0	(86)
RES	Resources	872	1	873	(1,143)	2	(1,141)
CORP	Corporate Costs & Levies	17	0	17	(433)	0	(433)
	<b>Totals</b>	<b>16,386</b>	<b>85</b>	<b>16,471</b>	<b>(11,400)</b>	<b>1,101</b>	<b>(10,299)</b>

Ref	Children & Young People	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
DeCarb1&2	Schools energy - To reflect the projected costs of energy for 2023/24	2,039	(146)	1,893			
CYPPM1	Out of county and other LA ALN Pressure - The budget for Additional Learning Needs has seen a substantial pressure in demand for support for pupils. This demand includes requests to support more complex pupils from an early age and pupils also continuing their education into post 16.	306		306			
CYPPM4	Investment - Specialist needs resource base - Staffing Overmonnow / Monmouth and Pembroke	291		291			
CYPPM5	Welsh medium - Seedling provision, as an extension of an existing Welsh-medium school	66		66			
CYPPM2	Early Years - maintained nursery specialist teacher	60		60			
CYPPM6	ALN transport - Increased costs in providing transport for pupils with Additional Learning Needs, both in compulsory education and those continuing post 16.	50	240	290			
CYP13	Schools - This amounts to a reduction in the budget delegated to schools of 2.8% after making full provision for pay and energy increases.				(1,450)		(1,450)
CYP8	Increase ALN recoupment income - additional places and increased charges to cover pay awards.				(100)		(100)
CYP12	Gwent Music - withdraw subsidy from the service. A hardship fund will be maintained to support pupils from low-income families.				(100)		(100)
CYP9	Before School Clubs increased charges - To increase the charges of before school clubs to £2 for a morning session of childcare for the first child only				(70)		(70)
CYP11b	Education Psychology staff savings - The proposal is to reduce the Education Psychology Service (EPS) by a further 0.6 FTE				(49)		(49)
CYP10	Reduce contribution to Education Achievement service - To reduce MCC's core contribution by 10%				(40)		(40)
CYP11a	Education Psychology staff savings - The proposal is to reduce the Education Psychology Service (EPS) by 0.4 FTE				(32)		(32)
CYP6	Additional Learning Needs Admin Team - Reduce the additional learning needs administration team by 1 FTE.				(30)		(30)
CYP15	Support Services staff savings through restructure				(25)		(25)
CYP7	Additional Learning Needs Equipment - To cease funding for ALN specialist equipment that is funded centrally for pupils placed in our schools.				(22)		(22)
	<b>CYP Totals</b>	<b>2,812</b>	<b>94</b>	<b>2,906</b>	<b>(1,918)</b>	<b>0</b>	<b>(1,918)</b>

Ref	Social Care, Health & Safeguarding	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
SCHPM5a	Re-current 2022/23 pressure - Children's services. Insufficiency of children's placements, demand levels, the complexity of demand, inflationary pressures, and staff shortages.	4,399	40	4,439			
SCHPM5b	Re-current 2022/23 pressure - Adult's services. Challenges of an ageing population, combined with delayed presentations to health and social care during the pandemic resulting in increased numbers of individuals who have higher dependency needs.	1,475		1,475			
SCHPM1	Provider fees - To respond to challenges resulting from a fragile and unsustainable social care market. A continued risk exists around the required costs needed to meet need as the sector grapples with issues around recruitment and retention.	1,000		1,000			
SCHPM3	Supported living - Newly established supported living project creating 3 independent living flats for clients to live in county and reduce reliance on out of county residential provision	270		270			
SCHPM6	Foster Carer rates	0	90	90			
DeCarb1&2	Corporate energy - To reflect the projected costs of energy for 2023/24	175	(15)	160			
SCH3	Children's Services - Placement and Practice Change - re-evaluating our current processes and systems post-covid in order to clearly define at what points we make essential decisions in regard to when a child is placed within a High-Cost Placement				(748)		(748)

SCH5	Staffing reductions to Adult Services - The proposal is to create savings by reducing the core workforce across the statutory teams in adults' services.					(608)	300	(308)
SCH4	Children's Service Redesign/Staffing - (i) Family Time Service Development, (ii) Review of Structures and Service Operating costs					(611)	190	(421)
SCH10	Adults - Care hours, block commissioning, Mileage - Reduce amount of direct care in the region of 10% whilst rebalancing in house/external provision					(500)	100	(400)
F&Cs	Fees and charges increases - in line with inflation for SCH directorate					(415)		(415)
SCH9	Practice and Process Change Adults - For people with high support needs					(400)	150	(250)
SCH7	Learning disabilities - Remodelling of learning disability and mental health teams that will involve a decrease in team management hours.					(300)		(300)
SCH6	Falls and Assistive Technology - Introduction of a fall's prevention and early intervention service to reduce the number people being placed in nursing/residential care from home or hospital.					(260)	260	0
SCH8	Adult services - Direct payment saving -					(200)		(200)
SCH2a	Staff restructuring within the Public protection service.					(103)		(103)
SCH12b	Transformation Team structure - reduction in core workforce					(61)		(61)
SCH11	Reduction in Adult partnership arrangements for Gwent service delivery models - Shared lives, Emergency duty, Frailty, Regional partnership team					(60)		(60)
SCH13	Monmouthshire & Torfaen YOS – Accommodation Change, Reduction in Staffing, Reallocation of Duties					(44)		(44)
SCH12a	Transformation Team structure - vacant and temporary posts					(39)		(39)
	<b>SCH Totals</b>	<b>7,319</b>	<b>115</b>	<b>7,434</b>		<b>(4,349)</b>	<b>1,000</b>	<b>(3,349)</b>

Ref	Communities & Place	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
C&PPM2	Homelessness Service Pressures - National policy in this area has changed significantly with expectation on provision higher now than pre-pandemic and where we have many more people presenting as homeless.	1,865		1,865			
DeCarb1&2	Corporate energy - To reflect the projected costs of energy for 2023/24	630	(38)	592			
C&PPM1	Facilities & Fleet - Passenger transport service pressures	440		440			
C&PPM28	Car Parking - Long-standing under-recovery of fee income from Fixed Penalty Notices and the increase in cost of running the service.	225		225			
C&PPM4	Waste & Street Scene - Recycling and waste haulage, treatment and disposal costs have escalated over the last 18 months. Income from trade waste collections have reduced during 2022.	218		218			
TRAN1+2	Fleet Maintenance - Projected fuel costs will increase by a further 15% in the financial year 23-24	172		172			
C&PPM3	Decarbonisation - Investment in decarbonisation team to lead on the delivery of projects identified in the Climate and Nature Emergency Action Plan and actions contained within the Community and Corporate Plan.	110		110			
LDP	Reversal of previous saving - 20/21 Staff Restructure Savings and LDP senior officer saving, which were frozen until 23/24.	50		50			
DeCarb1	Decarbonisation - Reducing energy consumption across the Council's estate				(572)	40	(532)
C&P28	Highways Development & Car Parks - Increasing car park & permit charges.				(280)		(280)
22/23 Decision	Neighbourhood Services - Recycling & Waste - Increase garden waste charges to achieve a full cost recovery model and increase annual charge based on inflation				(250)		(250)
TRAN1+2	Fleet Maintenance - Reduction in operating fleet and corporate mileage reduction.				(160)		(160)
F&Cs	Uplift in fees & charges not covered by a standalone mandate				(155)		(155)
C&P27	Highways Development & Car Parks - To increase the income target for road closures by £130,000. In addition, the road closure fees will be increased by inflation from £2,152 to £2,369 resulting in an additional £19,491.				(149)		(149)
C&P4	Neighbourhood Services - To reduce the revenue budget for street lighting maintenance taking account of the reduction in energy usage and reduced maintenance requirements of recently renewed columns, LED lamps and traffic light renewals				(142)		(142)
C&P8	Neighbourhood Services - Reduction of grounds maintenance operations and cessation of the community improvement teams. Service reconfiguration of sweeping functions across the county				(130)		(130)
C&P6	Neighbourhood Services - Grounds Maintenance and Cleansing - Uplift of charges for external contracts				(120)		(120)
C&P3	Neighbourhood Services - Service savings and staff reduction.				(80)		(80)
C&P17,18,21+24	Highways & Flood Mgt - Reduction in staffing costs in the Highways and Flood Management service area				(74)		(74)
PTU1	Passenger Transport Commissioning - New acceptable routes are implemented to reduce transport requirements based on current transport policy				(70)		(70)
C&P34+35	Planning, Policy & Building Control - To reduce revenue budget for the service area by reducing the professional and specialist fees, and photocopying and postage budget.				(59)		(59)
22/23 Decision	Housing - A proposed restructure of the Housing Sustainable Living Team				(50)		(50)

22/23 Decision	Flexible Funding - Restructure Management Team to reduce core costs							(50)		(50)			
C&P7	Neighbourhood Services - Savings from Silbuster recycling plant.							(30)		(30)			
PTU7	Passenger Transport - Terminate the Mission Software and revert back to CTX which is a lower cost							(30)		(30)			
C&P12	Housing - to build on the foundations of the well-established Careline Service to ensure it continues to be fit for future purpose.							(25)		(25)			
PTU3	Passenger Transport Commissioning - Concessionary H2S travel fee increased from £440 to £550							(18)	18	0			
PTU4-6a	Schools & Community Transport - Changing the licensing arrangements							(17)		(17)			
PTU4-6b	Grass routes - Introduce an annual subscription							(15)	15	0			
C&P19	Highways Development & Car Parks - Asset & StreetWorks - Increase Pavement Café Licence Fees							(6)	6	0			
	<b>C&amp;P Totals</b>							3,710	(38)	3,672	(2,482)	79	(2,403)

Ref	MonLife	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
DeCarb1&2	Corporate energy - To reflect the projected costs of energy for 2023/24	1,110	(83)	1,027			
MLPM1	Re-current pressure - Leisure income. Shortfalls in income where demand has not recovered to pre-pandemic levels	238		238			
MLPM2	Re-current pressure - Outdoor Adventure income. Shortfalls in income where demand has not recovered to pre-pandemic levels	150		150			
ML 3 & 4	Finance & Business Support Restructure				(104)		(104)
ML22	Gilwern Outdoor Adventure Services Redesign - Increase income through new business, new ways of working and engaging further with Monmouthshire internal services to provide cost avoidance for CYP and Social Services.				(100)		(100)
F&Cs	Uplift in fees & charges not covered by a standalone mandate				(83)		(83)
ML 7,8,9 & 21	Attractions Service Redesign				(65)		(65)
ML1	Green Infrastructure Grants - To fully utilise Shared Prosperity Fund (SPF), Local Places for Nature and related grants / project funding				(45)		(45)
ML5	Removal of vacant Project Officer post				(45)		(45)
ML14	Youth Services - Seeking to maintain service delivery at reduced core costs by increases reliance on external grants, an internal restructure of priorities, programmes and delivery.				(25)		(25)
ML19	Old station Tintern Miniture Train Track - Complete the necessary repair and maintenance on the miniature train track through an initial one-off capital investment of £45k, this will allow us to re-open this much-loved attraction and increase our income generation.				(25)		(25)
ML10	Collections Management - Remove 0.40 FTE from the Collections Management Post, currently vacant within the structure.				(21)		(21)
ML13	Sports Development - To increase income generation through external grants, seeking to maintain service delivery at reduced core costs but increase service reliance on alternative external grants.				(20)		(20)
ML2	Countryside Access Grant Project cost recovery - To fully utilise the full cost recover model when recovering project management costs, ensuring our recovery rates maximise the rate allowed by grant providers.				(20)		(20)
ML11	Visitor charging at some heritage exhibitions/activities and events				(20)		(20)
ML18	Recharge Project Officers against Grant - Ensuring full cost recovery of officer's time against grants.				(20)		(20)
ML20	Reduce Leisure Centre Summers Opening Hours - To reduce opening hours in our leisure centres during the summer months across all four sites, impacting on the least number of sports clubs but allowing our leisure centres to be more sustainable services.				(20)	20	0
ML12	Sale of Caterpod				(10)		(10)
ML15	Caldicot Fitness Equipment Maintenance - Reduce Caldicot LC maintenance contract to reflect the ageing equipment and seek a local accredited supplier to maintain				(10)		(10)
ML17	Commercial contributions and Sponsorships				(10)		(10)
ML6	Reducing the Marketing supplies and services budget				(5)		(5)
	<b>MonLife Totals</b>	1,498	(83)	1,415	(648)	20	(628)

Ref	Chief Executive's Unit/People & Governance	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
CEOPM1	Community Safety - Additional officer capacity in the areas of community safety, crime & disorder and violence against women, domestic abuse & sexual violence and for CCTV.	84		84			
DeCarb1&2	Corporate energy - To reflect the projected costs of energy for 2023/24	62	(4)	58			

CEO1-5	Community Hubs - Reduce staffing levels at community hubs in order to reduce costs while keeping all hubs open with reduced service levels.					(135)		(135)
CEO11&13	Contact Centre - To reduce staffing levels in the contact centre by 2.5 FTE					(112)		(112)
CEO14	Performance & Data - Remove data scientist post					(39)		(39)
CEO08	Community Hubs & Libraries - Reduce the budget for library books by 16.7% from £90,000 to £45,000,					(45)		(45)
CEO10	Community Education - Increase income by growing learner base					(10)		(10)
	<b>CEO Totals</b>	146	(4)	142		(341)	0	(341)

Ref	People & Governance	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
P&GPM1	Democratic Services - Uplift in Members Allowance (previously agreed as part of 2022/23 budget)	12		12			
PG2	P&G income - The below proposals seek to increase income in Comms and Land Charges and a small software cost reduction in payroll.				(80)		(80)
F&Cs	Uplift in fees & charges not covered by a standalone mandate				(6)		(6)
	<b>P&amp;G Totals</b>	12	0	12	(86)	0	(86)

Ref	Resources	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
DeCarb1&2	Corporate energy - To reflect the projected costs of energy for 2023/24	515	(28)	487			
RESPM3	Commercial Investments – Income pressure	150		150			
RESPM4	Shared services - Pay pressures for the Revenues & Benefits Shared Service	112		112			
RESPM14	ICT - Shared Resource Service - Contribution Increase	54	(54)	0			
RESPM15	Microsoft Licences price inflation, backup solution for Office 365 applications	0	83	83			
RESPM9	Re-current pressure - Markets - A projected shortfall in income of £78k , offset by an increase in stall fees and a reduction in Waste costs	21		21			
RESPM5	Cashiers - Budget assessment and review previous decision to move away from accepting cheque payments	20		20			
RES0003	Reversal of previous saving - FUTUREMON - Staff Secondment Savings	0		0			
RES8	Landlord services - Reduce Corporate Building (Reactive and Planned) Maintenance revenue budget				(300)		(300)
RES24	Landlord services - To review the property estate and to explore options for further rationalisation				(215)		(215)
DeCarb1	Commercial & Landlord Services - Solar farm export tariff income				(150)		(150)
RES12	ICT - Mobile Phone Contract Saving				(149)		(149)
RES19	Revenues, Systems & Exchequer - Remove budget earmarked for a discretionary business rate relief scheme				(126)		(126)
RES2	Landlord services - Vacant development surveyor post being held - or funded by capital programme as required				(45)		(45)
RES18	Finance - Internal Audit - Don't fill vacant senior auditor post				(44)	44	0
RES14	SRS Contribution & PSBA Line Savings				(20)	(42)	(62)
F&Cs	Uplift in fees & charges not covered by a standalone mandate				(19)		(19)
RES7	Landlord services - Explore alternative reception solutions at County Hall to remove front of house staffing needs				(19)		(19)
RES11	Digital Design & Innovation - Automate Starters & Leavers Process				(13)		(13)
RES23	ICT - Restructure of the Information Security and Technology Team				(13)		(13)
RES20	Revenues, Systems & Exchequer - Increase use of purchase cards to increase e-payment rebate				(10)		(10)
RES21	Revenues, Systems & Exchequer - Reduce budget allocated for finance system upgrades				(10)		(10)
RES22	Revenues, Systems & Exchequer - Shared Revenues & Benefits service potential savings through automation and increased use of self service facilities (Citizens Access).				(10)		(10)
	<b>RES Totals</b>	872	1	873	(1,143)	2	(1,141)

Ref	Corporate	Draft Pressure £000	Movement	Final Pressure £000	Draft Saving £000	Movement	Final Saving £000
CORP1	Archives - levy uplift	17		17			
Capex1	Extend capitalisation direction				(358)		(358)
CORP2	Insurance				(75)		(75)
	<b>CORP Totals</b>	17	0	17	(433)	0	(433)

## Appendix F - Responsible Financial Officers Opinion

1.1 The 2003 Local Government Act imposes a number of statutory duties on a Council's Responsible Financial Officer (RFO). Guidance on these duties is contained within LAAP Bulletin 55 and CIPFA's updated Statement on the Role of the Finance Director, compliance with which has been supported by the Council's Governance & Audit Committee. The primary duties are for me, as RFO, to provide a view on the robustness of the budget process, budgetary risk and the adequacy of reserves and balances.

### Robustness of the budget process

1.2 In terms of robustness of the budget process, I have placed reliance on the work carried out by members of the Strategic Leadership Team in their Directorates involving budget managers and devolved accountants. The process has been undertaken properly and rigorously with notable elements of good practice. These include;

- The use of the Councils Medium Term Financial Planning tool as an integral part of budget planning.
- Cabinet ownership of budget principles and assumptions through the development of the Medium Term Financial Plan and budget proposals.
- Anticipating likely and known events through the application of appropriate indices for base costs.
- Applying rigour via Directorate Management Teams, Chief Officers, Strategic Leadership Team and Cabinet Member scrutiny.
- Comparing year on year budgets by using 2021/22 outturn and 2022/23 budget monitoring data.
- Looking at a unit cost analysis for services against other Welsh authorities where necessary.
- Providing Scrutiny Committees with opportunity to look at and scrutinize budget monitoring, the in-year budget recovery plan and draft budget proposals, gaining an understanding of the budgets and allowing the committee to scrutinize performance as well as proposed changes within the remit of their scrutiny committee.
- Providing Cabinet and Scrutiny Committees with the assumptions underlying the Medium Term Financial Plan.
- Consulting on budget proposals through face to face and virtual public meetings, the website and social media, and virtual meetings with MyMates, Youth Council representatives, Joint Advisory Group, School Budget Forum and Head Teachers.
- Communicating emerging Settlement considerations to Cabinet members.
- Being clear on risks and assumptions within budget proposals and identifying the links with the corporate priorities of the Council and as set out in the draft Community and Corporate Plan.
- Ensuring all members are involved in the budget setting process by establishing that budget and Council Tax settings is a function of full Council.

1.3 There are a number of explicit risks in the budget proposals now presented given the continued strain on services resulting from the impact on services of the cost of living and health crises and the uncertainties next year and into the medium term. Risks have been identified as the budget proposals have been put together and are captured as part of the MTFP model. Outlined below are the key risks and how they are being managed:

- Continued increase in demand and evidenced based pressures in relation to the financial impact of increasing demand and complexity in children's social services, demographic changes such as increasing elderly population, changes in pupil numbers, increase in special educational need provision and increase in homeless presentations have been included in the current budget process. The extent of these pressures in both the current year and next year are significant and increasing. Given the current year position against the budget in many of these areas, these potential pressures will require strengthened monitoring arrangements over the course of the next financial year such that problems can be highlighted early and any appropriate corrective action taken.
- Directorates are being required to manage some pressures within their service areas as only significant pressures have been highlighted and included in the budget build. Whilst individually these pressures are relatively small in total there is a considerable pressure to be managed alongside the achievement of the budget saving proposals contained as part of this budget.
- A number of the savings and pressure mandates incorporated into the budget proposals involve the generation of income, changes to current structures, systems and processes, consideration of alternative delivery models or have implications for service design involving community, other partners and entities. These savings involve higher levels of risk than those which broadly maintain current arrangements. At the practical level these risks begin with the income targets not being achieved, possibility of slippage and disruption in the transition from old to new arrangements resulting in further pressures to be managed in the year in which savings are budgeted to be made. Clearly robust and timely monitoring of the delivery of the savings and budgetary control over expenditure will be critically important in order to manage the potential for these risks to materialise. These arrangements will be strengthened for next year and that includes increased formal budget monitoring through the year together with targeted focus in social care where the greatest risk and volatility exists.
- The need to ensure that the Authority manages within its in-year revenue and capital budgets as the consequence of any resultant overspend removes the ability to replenish reduced levels of earmarked reserve and places an additional risk that Council Fund levels will be compromised below 4%-6% financial planning assumption traditionally volunteered to Members as prudent. The already robust budget monitoring arrangements will be strengthened and corrective action will be taken as needed by the Strategic Leadership Team in consultation with Cabinet Members as required.
- Significant recurrent pressures evident during in-year monitoring have been addressed as specific pressures in the 2023-24 budget proposals, and furthermore adjustments needed to be made in respect of savings previously volunteered to members and supported by them but that are now not deemed deliverable. The pressures incorporated into the budget proposals for 2023-24 are based on the latest month 9 forecast. A risk remains going into the end of the financial year and in light of the extent of the in-year over spend and increasing pressures in particular

in social care. The need for continued and robust monitoring is essential to ensure that there is cost control and continued efforts are made to refrain from non-essential spend.

- Late notification of grant funding streams being removed or reduced. There are still significant specific grant streams that the Council relies upon, that have either not yet been communicated by Welsh Government, have been received late in the budget process or where the impact of notifications is awaiting further clarification. This is particularly an issue where the expenditure backing this grant has an effect on the financing of permanent staff. These will need to be managed on a case by case basis, with the default position being that if the grant ceases the activity also ceases unless a business case can be built that justifies the maintenance of the activity, the expenditure and identifies a means of funding this expenditure following the loss of grant income.
- No allowance for non-pay inflation is afforded in the proposed budget, despite CPI predictions over the medium term. Unless recognised as specific pressures in the budget proposals services will not receive budget to cover the full extent of inflation factors next year if they turn out as expected. This puts further pressure on service budgets to find efficiencies savings to manage this shortfall. There is an expectation that this would need to be managed within overall directorate budgets.
- Irrespective of the significant one-off funding given to schools and the surplus balances held at the beginning of 2022/23, it is clear that the inherent structural budget deficits that led to a significant number of schools being in deficit over the past few years remain and these will require resolution regardless. It is expected that the additional funding made available to those schools will allow a period of transition and as to allow those underlying budgetary issues and further savings to be rectified without impacting on educational standards. Continued emphasis is placed by LEA finance colleagues to agree budgets with schools that are sustainable to the resources available rather than passporting additional deficits to their school reserve. Recovery plans are in place for those schools in deficit and will be closely monitored by the LEA and relevant Cabinet members.
- Treasury estimates established in the budget are based on cashflows, timing of capital spend, forecast interest rate levels and capital receipts occurring as planned. Mitigation has already taken place through long term borrowing being undertaken in 2022/23 at preferential rates and in order to manage interest rate risk and fluctuations.
- Whilst the Council is not playing a reliance on commercial income generation its commercial activities do naturally present commercial risks. The governance arrangements in place through Investment Committee and the Governance & Audit Committee ensure that investments are made on the basis of sound recommendation resulting from robust business cases. Investment performance is monitored by Investment Committee, through budget monitoring reports but explicitly by Audit Committee on an annual basis. These arrangements will be reviewed going into 2023/24.
- The risks on the capital side are largely caused by limited additional capital receipts being foreseen during the next MTFP window, placing an additional emphasis on borrowing going forward, at a time when revenue headroom to afford borrowing is compromised by the extent of annual savings necessary to achieve a balanced budget. The continued need to make use of flexible use of capital receipts to fund

revenue costs associated with service reform results in a further depletion of available capital receipts. As such the Council will need to move towards a more sustainable budget strategy over the medium term.

- There are a significant amount of unbudgeted capital pressures and investment plans which can bear on the Council's limited capital resources if policy commitments are made to add further to the capital programme or risks materialize and that require the Council to act to respond to failures in the operational nature of assets.

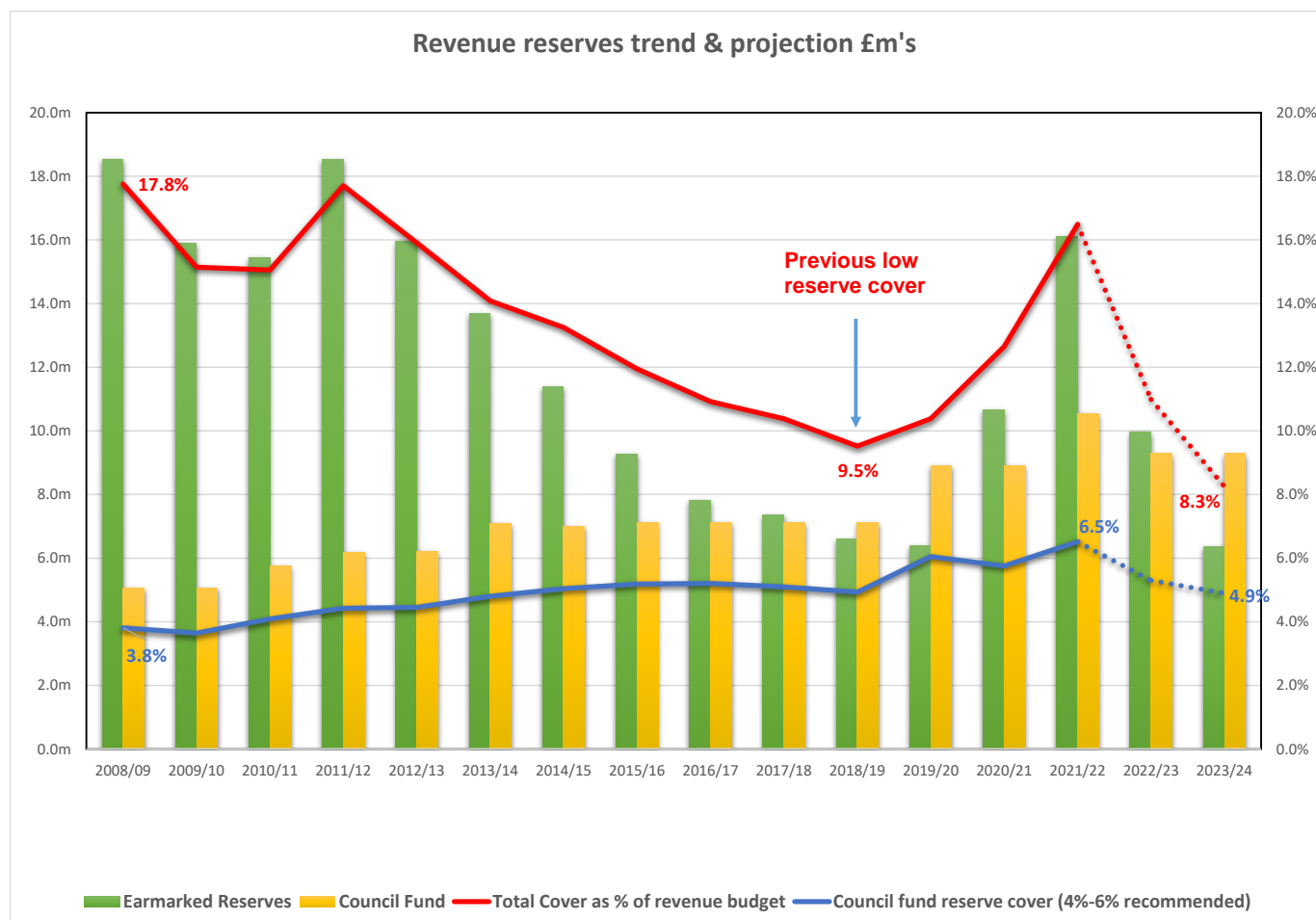
1.4 Whilst the above risks in the 2023/24 budget have been identified, the main budgetary risks going forward in for the MTFP will also need to be managed and outlined are as follows:

- The increasing challenges with sustaining and maintaining existing service delivery and in line with the priorities outlined in the draft Council's community and corporate plan.
- The implications and impact on public services and that result from the longer-term impact of the cost of living and health crises on Monmouthshire's communities and wider economy
- The consequences of war and natural disasters globally and the impact that this has in supporting refugees and asylum seekers rightly having to be supported
- The risk and uncertainty around funding settlements projected for the medium term. Whilst indicative Welsh Government core funding increases have been provided for 2024/25 these remain subject to change and there are concerns beyond this about level of public spending over the medium term
- The impact of inflationary pressures and interest rate rises, both on the Council and its communities
- The risk of pay awards being greater than modelled budget assumptions and not being fully funded by UK and Welsh Government
- The financial, service and strategic implications of service redesign needed to deliver savings over the medium term and to allow the Council to transition itself onto a more sustainable financial footing
- The national and local emphasis on carbon reduction and climate adaptation
- The deteriorating condition of local roads, associated infrastructure and property
- The lack of certainty and viability of local bus services as a result of anticipated reductions in Welsh Government funding to bus operators
- The ageing population
- Continued uncertainty in financial markets
- Low economic activity leading to increased demand for some services and reduced income in others.



## Adequacy of reserves

- 1.5 As can be seen from the table below the Council's reserves have been and will be significantly depleted as a consequence of the budget recovery action needed in 2022/23 and to support the budget proposals for 2023/24. This follows a period through the pandemic where reserves were restored as a result of significant Welsh Government funding. The decisions taken to draw on reserves have been carefully considered as the consequence of not doing so would have led to very significant consequences for service delivery. Ultimately a balance had to be struck and given the extent of the inflationary and demand pressures faced as a result of the Cost of Living and Health crises.



- 1.6 The MTFP has established the principles for general and earmarked reserve use. The level of the Council Fund reserve stood at £10.53m at the start of 2022/23, excluding delegated school balances. The Council tactically created headroom in its general reserve in the last few years as a result of significant additional Welsh Government funding received through the pandemic.
- 1.7 As a consequence and due to the extent of the in-year over spend and the budget recovery plan in place a draw on the Council Fund of £1.25m is forecast and subject to 2022/23 year-end. With this anticipated draw taken into account the level of the reserve remains in the range of 4-6% at 4.9% of net revenue budget and considered to be at a prudent level. The final revenue budget proposals do not include a requirement to use any of the general reserve to balance the budget in 2023/24.
- 1.8 The focus therefore turns to the uncertain outlook and future financial challenges and where the headroom in the Council Fund balance is reserved and if required to cover the following, and where mitigating budgetary recovery action is unable to manage such pressures on the Council's budget:

- Any budget pressure in 2023/24 resulting from pay award announcements in excess of the modelling assumptions and reserve funded contingency in the final budget proposals;
  - Any continuing pressures caused by the cost of living and health care crisis, particularly in the areas of Homelessness, Adult social care and Children's Services;
  - Any one-off contributions needed in 2023/24 and to the extent that in-year budget recovery action is unable to mitigate service pressures and over spends;
  - To allow for any future reserve cover across the MTFP and beyond and as the Council looks to put its finances back on a sustainable footing, and to the extent that they cannot be funded from capital receipts under Welsh Government guidance allowing for one-off costs of service reform to be met.
- 1.9 Pre pandemic, net school balances had remained at low levels and had reduced to a net deficit balance of £435k. Receipt of unprecedented levels of grant support from Welsh Government during 2020/21 and 2021/22 had looked to ensure support for schools and their pupils during a period of significant disruption to learning. This has resulted in schools balances being in surplus at the beginning of 2022/23 of £6.95m.
- 1.10 The investment plans enacted by schools look to deliver the best learning outcomes for pupils in line with the purpose of the grant funding provided over the past two financial years. Whilst it is clear that the investment plans enacted will bring many school balances more in line with those levels guided by Welsh Government, it is disappointing to note that a further nine schools are now forecast to move into deficit by year-end based on the month 9 forecast.
- 1.11 There remains significant concern from a financial perspective that the inherent structural budget deficits that led to a significant number of schools being in deficit pre-pandemic in some cases remain. Whilst the current economic climate is severely challenging with schools being required to find 2.8% of savings for 2023/24, school balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure. Officers will continue to work closely with those schools of concern and look to aid the return to a more sustainable budget plan over the medium term.
- 1.12 Continued emphasis is placed by LEA finance colleagues to agree budgets with schools that are sustainable to the resources available rather than passporting additional deficits to their school reserve. Recovery plans are put in place for schools that move into deficit and these are being closely monitored by the LEA and relevant Cabinet members.
- 1.13 The total planned use of earmarked reserves in support of the 2023/24 revenue and capital budget is £3.61m. This adds to the currently forecast use of earmarked reserves for 2022/23 of £6.15m, nearly £10m over a two year period.
- 1.14 Total planned reserve use in support of current year revenue and capital budgets means that by the end of 2022/23 the balance of earmarked reserves is likely to be £9.96m. The further call in 2023/24 means that the earmarked reserves will then fall to £6.35m, with the useable balance down to £4.99m. The low level of revenue reserves now requires the reserves policy to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks that might result. Improved budget management

and discipline going forward will need to ensure that in-year over spends are quickly identified and to the extent they cannot be mitigated for in-year savings to be found.

- 1.15 Useable capital receipts also provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has needed to make use of this flexibility since 2019/20. The planned use in 2022/23 has been extended to support the budget recovery plan and will continue for 2023/24.
- 1.16 Useable capital receipts are forecast to reduce to £3.0m by the end of 2026/27 based on the capital MTFP. The continued use of capital receipts for this purpose is recognized as a necessary approach to support the Council to transition itself on to a more sustainable financial footing. However this is not a sustainable approach in itself and has the added consequence of requiring the Council to fund any further and future capital investment through prudential borrowing where it cannot be met from other sources.
- 1.17 My judgement, taking into account the current month 9 budget forecast, the 2023/24 budget proposals, the medium term outlook and its associated risks and notably around funding certainty, is to certify that reserves are adequate but approaching a minimum acceptable level. Both in terms of the quantum of earmarked reserves as well as the General Reserve. However, given that the financial outlook is not set to improve significantly into the medium term, and fundamentally remains uncertain it is vital that the reserve position continues to be closely monitored. This will require continued sound budget management in future years and close Cabinet scrutiny such as to ensure that reserve use is seen as exceptional and to deal with foreseen or unforeseen risks crystallizing.
- 1.18 Extra savings may need to be drawn up and communicated to members after the budget process, if the 2022-23 outturn position or in-year forecasts in 2023-24 indicate at any stage a Council Fund balance falling below 4%. Alongside this a review of the reserves policy will be undertaken subsequent to 2022/23 outturn and in readiness for the financial strategy and plan for 2023/24 and over the MTFP period. Which will be developed and be informed by an approved community and corporate plan.
- 1.19 The schedule of reserves estimated at the end of the financial year is included as an appendix to the budget report.

Peter Davies  
Deputy Chief Executive (S151 Officer)  
Responsible Financial Officer

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Reserve	01/04/2023	Contributions To	Contributions From	31/03/2024
Council Fund	-9,282,506			-9,282,506
School Balances	-2,301,583			-2,301,583
<b>Total General Fund balances</b>	<b>-11,584,089</b>			<b>-11,584,089</b>
<b>Earmarked Reserves:</b>				
Invest to Redesign	-1,555,748		1,500,000	-55,748
IT Transformation	-917,668		182,012	-735,656
Insurance and Risk Management	-924,997			-924,997
Capital Receipt Generation	-314,079			-314,079
Treasury Equalisation	-590,024			-590,024
Redundancy and Pensions	-680,683		88,038	-592,645
Capital Investment	-627,339			-627,339
Priority Investment	-1,905,000		1,905,000	0
<b>Earmarked Reserves:</b>	<b>-7,515,539</b>	<b>0</b>	<b>3,675,050</b>	<b>-3,840,489</b>
<b>Service Earmarked Reserves:</b>				
Museums Acquisitions Reserve	-52,884			-52,884
Elections Reserve	-150,183	-35,000		-185,183
Grass Routes Buses Reserve	-171,084	-5,000		-176,084
Youth Offending Team	-150,000			-150,000
Building Control trading reserve	4,891			4,891
CYP maternity	-196,097			-196,097
Plant & Equipment reserve (Highways)	-188,541			-188,541
Homeless Prevention Reserve Fund	-67,786			-67,786
Solar Farm Maintenance & Community Fund	-263,000	-23,000		-286,000
Newport Leisure Park Reserve	-177,266			-177,266
Castlegate Reserve	-124,738			-124,738
Local Resilience Forum Reserve	-153,685			-153,685
Sustainability - PV Invertor Replacement	-65,000			-65,000
Rural Development Plan Reserve	-693,348			-693,348
<b>Total Service Earmarked Reserves</b>	<b>-2,448,722</b>	<b>-63,000</b>	<b>0</b>	<b>-2,511,722</b>
<b>Total Earmarked Reserves</b>	<b>-9,964,261</b>	<b>-63,000</b>	<b>3,675,050</b>	<b>-6,352,211</b>
<b>Total useable revenue reserves</b>	<b>-21,548,350</b>	<b>-63,000</b>	<b>3,675,050</b>	<b>-17,936,300</b>

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## Budgeted useable reserve balances

Financial Year ending	2023 £000	2023 £000	2024 £000	2025 £000	2026 £000	2027 £000
<b><u>Council Fund</u></b>						
Council Fund	(10,528)	(9,283)	(9,283)	(9,283)	(9,283)	(9,283)
School Balances	(6,955)	(2,302)	(2,302)	(2,302)	(2,302)	(2,302)
<b>Total General Fund balance</b>	<b>(17,482)</b>	<b>(11,584)</b>	<b>(11,584)</b>	<b>(11,584)</b>	<b>(11,584)</b>	<b>(11,584)</b>
<b><u>Earmarked Reserves</u></b>						
Invest to Redesign Reserve	(1,456)	(1,556)	(56)	(56)	(56)	(56)
IT Transformation Reserve	(931)	(918)	(736)	(633)	(530)	(427)
Insurances & Risk Management Reserve	(925)	(925)	(925)	(925)	(925)	(925)
Capital Receipt Generation Reserve	(365)	(314)	(314)	(314)	(314)	(314)
Treasury Equalisation Reserve	(590)	(590)	(590)	(590)	(590)	(590)
Redundancy and Pensions Reserve	(769)	(681)	(593)	(505)	(417)	(329)
Capital Investment Reserve	(627)	(627)	(627)	(627)	(627)	(627)
Priority Investment Reserve	(1,905)	(1,905)	0	0	0	0
Service Specific Reserves	(4,547)	(2,449)	(2,512)	(2,575)	(2,638)	(2,701)
<b>Sub Total Earmarked Reserves</b>	<b>(12,115)</b>	<b>(9,964)</b>	<b>(6,352)</b>	<b>(6,224)</b>	<b>(6,096)</b>	<b>(5,968)</b>
<b>Total Useable Revenue Reserves</b>	<b>(29,597)</b>	<b>(21,548)</b>	<b>(17,936)</b>	<b>(17,808)</b>	<b>(17,680)</b>	<b>(17,552)</b>

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**Reconciliation through Budget process**

	January 2023 Cabinet proposals							Final Settlement Changes		March 2023 Cabinet and Final budget recommendations to Council			
	Adjusted Base Budget 2022/23	Proposed savings	Identified Explicit Pressures	Budget Assumptions	Corporate Adjustments incl. reserves	Council Tax Income	Proposed Budget 2023/24	Adjustment to AEF	Settlement pressures / adjustments	Changes to Pressures	Changes to Savings	Final amendments	Final budget recommended
<b>Net Expenditure Budgets</b>													
Children and Young People	59,014	(1,918)	2,812	2,146	(8)		62,046			94	0		62,140
Social Care and Health	58,373	(4,349)	7,319	1,157	124		62,624			115	1,000	(4)	63,735
Communities & Place	24,067	(2,482)	3,710	814	350		26,459			(38)	79		26,500
Monlife	4,916	(648)	1,498	261	(12)		6,015			(83)	20		5,952
Resources	7,019	(1,143)	872	245	(3)		6,990			1	2	81	7,074
Chief Executive's unit	3,180	(341)	146	97	(4)		3,078			(4)	0		3,074
People & Governance	4,788	(86)	12	152	(5)		4,861			0	0		4,861
Corporate Costs & Levies	24,268	(433)	17	390	1,599	856	26,697			0	0	2,646	29,344
<b>Sub Total</b>	<b>185,624</b>	<b>(11,400)</b>	<b>16,386</b>	<b>5,262</b>	<b>2,042</b>	<b>856</b>	<b>198,770</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>1,101</b>	<b>2,723</b>	<b>202,679</b>
Appropriations	7,050				2,691		9,741			(400)			9,341
Contributions to Earmarked reserves	188				(125)		63						63
Contributions from Earmarked reserves	(164)				(329)		(493)					(3,079)	(3,572)
<b>Total Net Proposed Budget</b>	<b>192,699</b>	<b>(11,400)</b>	<b>16,386</b>	<b>5,262</b>	<b>4,278</b>	<b>856</b>	<b>208,081</b>	<b>0</b>	<b>0</b>	<b>(315)</b>	<b>1,101</b>	<b>(356)</b>	<b>208,512</b>
<b>Funding Budgets</b>													
Aggregate External Financing (AEF)	(112,278)			(10,213)			(122,491)					(181)	(122,672)
Council Tax (MCC)	(62,871)					(4,083)	(66,954)						(66,954)
Council Tax (Gwent Police)	(14,392)					(856)	(15,248)					(257)	(15,505)
Council Tax (Community Councils)	(3,158)						(3,158)					(223)	(3,381)
Council Fund Contribution	0						0						0
<b>Total Funding</b>	<b>(192,699)</b>	<b>0</b>	<b>0</b>	<b>(10,213)</b>	<b>0</b>	<b>(4,939)</b>	<b>(207,851)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(661)</b>	<b>(208,512)</b>
<b>Headroom/(shortfall)</b>	<b>0</b>	<b>(11,400)</b>	<b>16,386</b>	<b>(4,951)</b>	<b>4,278</b>	<b>(4,083)</b>	<b>230</b>	<b>0</b>	<b>0</b>	<b>(315)</b>	<b>1,101</b>	<b>(1,017)</b>	<b>0</b>
	Council Tax 2022/23						2023/24 tax base	Council Tax 2023/24	%age increase				
<b>Council tax recommendations</b>	1,476.79						47,778.09	1,564.66	5.95%				

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## Revenue Budget Summary

Services	Adjusted Base 2022/23 £000's	Indicative Base 2023/24 £000's	Indicative Base 2024/25 £000s	Indicative Base 2025/26 £000's	Indicative Base 2026/27 £000s
Children & Young People	59,014	62,140	63,719	65,086	66,484
Social Care & Health	58,373	63,735	60,736	61,655	62,537
Communities & Place	24,067	26,500	26,562	27,363	28,250
MonLife	4,916	5,952	6,307	6,565	6,836
Resources	7,019	7,073	7,397	7,608	7,824
Chief Executive's Unit	3,180	3,074	3,207	3,294	3,384
People & Governance	4,788	4,862	4,739	4,869	5,003
Corporate Costs & Levies	24,268	29,344	38,073	46,770	55,699
<b>Sub Total</b>	<b>185,624</b>	<b>202,680</b>	<b>210,740</b>	<b>223,210</b>	<b>236,016</b>
Transfers to reserves	188	63	63	63	63
Transfers from reserves	(164)	(3,572)	(88)	(88)	(88)
Treasury	7,050	9,341	10,408	11,051	11,427
<b>Appropriations Total</b>	<b>7,074</b>	<b>5,832</b>	<b>10,383</b>	<b>11,026</b>	<b>11,402</b>
<b>Total Expenditure Budget</b>	<b>192,699</b>	<b>208,512</b>	<b>221,123</b>	<b>234,237</b>	<b>247,419</b>
Aggregate External Financing (AEF)	(112,278)	(122,671)	(126,351)	(127,236)	(128,126)
Council Tax (MCC)	(62,871)	(66,955)	(69,600)	(72,349)	(75,207)
Council Tax (Gwent Police)	(14,392)	(15,505)	(16,117)	(16,754)	(17,416)
Council Tax (Community Councils)	(3,158)	(3,381)	(3,381)	(3,381)	(3,381)
Contribution to/(from) Council Fund	0	0	0	0	0
<b>Sub Total Financing</b>	<b>(192,699)</b>	<b>(208,512)</b>	<b>(215,449)</b>	<b>(219,720)</b>	<b>(224,130)</b>
<b>(Headroom)/Shortfall</b>	<b>0</b>	<b>0</b>	<b>5,674</b>	<b>14,517</b>	<b>23,289</b>

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Indicative Capital budget 2023/24 to 2026/27

CAPITAL SCHEME	Indicative Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26	Indicative Budget 2026/27
<b>Expenditure</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Property Maintenance	1,653,357	1,653,357	1,653,357	1,653,357
Property Maintenance Fees	236,194	236,194	236,194	236,194
County Farms Maintenance	300,773	300,773	300,773	300,773
Upgrade School Kitchens	39,725	39,725	39,725	39,725
<b>Asset Management Schemes</b>	<b>2,230,049</b>	<b>2,230,049</b>	<b>2,230,049</b>	<b>2,230,049</b>
Abergavenny 3-19 school	29,324,638	19,456,606	4,151,797	0
<b>School Development Schemes</b>	<b>29,324,638</b>	<b>19,456,606</b>	<b>4,151,797</b>	<b>0</b>
Footway Reconstruction	190,453	190,453	190,453	190,453
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408
Reconstruction of bridges & retaining walls	449,041	449,041	449,041	449,041
Safety fence upgrades	76,181	76,181	76,181	76,181
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091
Flood Alleviation Schemes	386,427	386,427	386,427	386,427
Structural Repairs - PROW	38,091	38,091	38,091	38,091
PROW - Survey's and Closures	50,000	20,000	20,000	20,000
Carriageway resurfacing	1,136,540	1,136,540	1,136,540	1,136,540
Carriageway improvements - additional investment	500,000	500,000	500,000	500,000
Road safety & trafficman programme	129,508	129,508	129,508	129,508
Highways OPS: Minor improvements	812,000	812,000	812,000	812,000
Wye Bridge Chepstow works	375,000	0	0	0
Wye Bridge Monmouth works	2,170,000	0	0	0
Ash Dieback/Dangerous Trees works	300,000	200,000	100,000	100,000
<b>Infrastructure &amp; Transport Schemes</b>	<b>6,822,740</b>	<b>4,147,740</b>	<b>4,047,740</b>	<b>4,047,740</b>
Capital Region City Deal	602,900	730,200	730,200	730,200
<b>Regeneration Schemes</b>	<b>602,900</b>	<b>730,200</b>	<b>730,200</b>	<b>730,200</b>
Disabled Facilities Grant	900,000	900,000	900,000	900,000
Access for all - Schools	50,000	50,000	50,000	50,000
Access For All	250,000	250,000	250,000	250,000
<b>Inclusion Schemes</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>
ICT Desktop replacement	260,000	260,000	260,000	260,000
Network Estate replacement	50,000	50,000	50,000	50,000
SRS capital reserve contribution	61,000	61,000	61,000	61,000
Ransomware & security software	42,000	42,000	42,000	42,000
<b>ICT Schemes</b>	<b>413,000</b>	<b>413,000</b>	<b>413,000</b>	<b>413,000</b>
Vehicle Leasing	1,500,000	1,500,000	1,500,000	1,500,000
<b>Vehicles Leasing</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
Capitalisation Directive	3,007,500	507,500	507,500	507,500
<b>Capitalisation Directive</b>	<b>3,007,500</b>	<b>507,500</b>	<b>507,500</b>	<b>507,500</b>
Fixed Asset Disposal Costs	50,000	50,000	50,000	50,000
Area Management	20,000	20,000	20,000	20,000
Grant – Match Funding Support Allocation	500,000	500,000	500,000	500,000
<b>Other Schemes</b>	<b>570,000</b>	<b>570,000</b>	<b>570,000</b>	<b>570,000</b>
<b>Total Expenditure</b>	<b>45,670,828</b>	<b>30,755,096</b>	<b>15,350,287</b>	<b>11,198,490</b>
<b>Funding</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Supported Borrowing	(2,430,000)	(2,430,000)	(2,430,000)	(2,430,000)
Unsupported Borrowing	(15,786,523)	(8,711,943)	(3,543,323)	(3,105,200)
Grants & Contributions	(21,556,015)	(16,344,863)	(6,208,674)	(2,495,000)
Reserve Funded	(103,000)	(103,000)	(103,000)	(103,000)
Capital Receipts	(4,295,290)	(1,665,290)	(1,565,290)	(1,565,290)
Vehicle Lease Financing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
<b>Total Funding</b>	<b>(45,670,828)</b>	<b>(30,755,096)</b>	<b>(15,350,287)</b>	<b>(11,198,490)</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## Forecast Useable Capital Receipts

<b>General Receipts</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1st April	8,773	9,890	7,112	6,051	4,590
Less: capital receipts used for financing	(3,975)	(1,725)	(1,158)	(1,058)	(1,058)
Less: capital receipts used to support capitalisation directive	(3,410)	(3,008)	(508)	(508)	(508)
Less: Reserve cover for redundancies	0	(1,000)	0	0	0
Capital receipts Received	7,072	0	0	0	0
Capital receipts Forecast	1,430	2,954	604	104	104
<b>Forecast Balance as at 31st March</b>	<b>9,890</b>	<b>7,112</b>	<b>6,051</b>	<b>4,590</b>	<b>3,129</b>

<b>Low cost home ownership and Homefinder receipts</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1st April	252	252	252	252	252
Receipts received/Forecast	0	0	0	0	0
Less: capital receipts used for financing	0	0	0	0	0
<b>Forecast Balance as at 31st March</b>	<b>252</b>	<b>252</b>	<b>252</b>	<b>252</b>	<b>252</b>

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## Capital Receipts Risk Factor

The analysis below provides a summary of the receipts and the respective risk factors associated with realising the receipt:

Capital Receipts Risk Factor	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s
<b>Education Receipts</b>					
Low / completed	0	0	0	0	0
Medium	0	0	0	0	0
High	0	0	0	0	0
<b>Total Education Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>County Farm Receipts</b>					
Low / completed	303	0	0	0	0
Medium	0	0	0	0	0
High	0	200	0	0	0
<b>Total County Farm Receipts</b>	<b>303</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General Receipts</b>					
Low / completed	135	104	104	104	104
Medium	0	1,250	0	0	0
High	1,022	0	0	0	0
<b>Total General Receipts</b>	<b>1,158</b>	<b>1,354</b>	<b>104</b>	<b>104</b>	<b>104</b>
<b>Strategic Accommodation Review</b>					
Low / completed	0	0	0	0	0
Medium	0	900	0	0	0
High	0	0	0	0	0
<b>Total Strategic Accommodation Receipts</b>	<b>0</b>	<b>900</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dependent on Outcome of LDP</b>					
Low / completed	7,041	0	0	0	0
Medium	0	500	500	0	0
High	0	0	0	0	0
<b>Total LDP Receipts</b>	<b>7,041</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>0</b>
<b>TOTALS</b>					
Low / completed	7,479	104	104	104	104
Medium	0	2,650	500	0	0
High	1,022	200	0	0	0
<b>Total Capital Receipts Forecasted to be Received in Year</b>	<b>8,501</b>	<b>2,954</b>	<b>604</b>	<b>104</b>	<b>104</b>

### Risk Factor key:

**High** - External factors affecting the potential sale that are out of Authority control

**Medium** - Possible risk elements attached but within Authority ability to control

**Low** - No major complications are foreseen for the transaction

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**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972  
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

**Meeting and Date of Meeting: Cabinet 1<sup>st</sup> March 2023**

**Report: Final revenue and capital budget proposals 2023/24 – Individual Capital receipts forecast**

**Author: Jonathan Davies, Head of Finance**

I have considered grounds for exemption of information contained in the background paper for the report referred to above and make the following recommendation to the Proper Officer:-

**Exemptions applying to the report:**

**Appendix** – detailed indication of the value of future individual capital receipts.

Non-disclosure reason – information relating to the financial or business affairs of any particular person (including the Authority holding that information).

**Factors in favour of disclosure:**

Openness & transparency in matters concerned with the public.

**Prejudice which would result if the information were disclosed:**

In communicating the **Appendix** intact, the Council would be undermining its negotiating position with regard to future capital receipts by communicating the likely value it would accept in the sale of particular assets.

**My view on the public interest test is as follows:**

Factors in favour of disclosure are outweighed by those against.

**Recommended decision on exemption from disclosure:**

Maintain exemption from publication in relation to report

Signed:



Name: Jonathan Davies

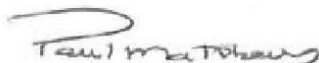
Post: Head of Finance

Date: 16<sup>th</sup> February 2023

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I accept the recommendation made above

Signed:



Name: Paul Matthews

Post: Chief Executive Officer  
Date: 16<sup>th</sup> February 2023

By virtue of paragraph(s) 12 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Appendix 5 - Backlog capital pressures

Capital pressures that present a degree of risk to our asset portfolio and operating environment that currently have no identified funding.

Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
P1	<b>Property Maintenance</b> requirements for both schools & non-schools as valued by condition surveys carried out some years ago. The existing £2m annual budget mainly targets urgent maintenance e.g. health & safety, maintaining buildings wind & watertight, etc., and is insufficient to address the maintenance backlog. A lack of funding means maintenance costs will rise; that our ability to sell buildings at maximum market rates will be affected ; Our ability to deliver effective services will be affected and a Loss of revenue and poor public image.	Properties will continue to fall into disrepair or be supported in part by the limited existing annual budget for urgent maintenance. This will impact our ability to ensure properties are still fit for purpose.	22,000,000	H&S, Legal, AMP	Nick Keyse
P2	<b>Disabled adaptation works</b> to public buildings required under disability discrimination legislation.	Corporate buildings will remain less accessible to all. Whilst limited works have been carried out as part of planned maintenance under the access for all budget, further budget is required to ensure suitable adaptations as installed.	5,000,000	Legal	Nick Keyse
P3	<b>School Traffic Management Improvements</b> - based on works carried out on similar buildings.	Investment is required to ensure school traffic movements and controls are suitable established. Increased risk of incident without enhancement of existing traffic and pedestrian controls (e.g formal crossing points, turning areas, lighting, etc.).	450,000	H&S	Nick Keyse

Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
P4	School fencing improvements	Without investment, school fencing will continue to fall into disrepair or be subject to investment from school budgets. Existing improvements/repair is undertaken on a rolling schedule but investment is required to ensure fencing is suitable robust. New fencing will ensure boundaries are kept safe and comply with safeguarding requirements.	450,000	H&S	Nick Keyse
Page 136	Modification works to school kitchens to comply with Environmental Health Standards. Without additional funding school kitchens may have to be closed and additional costs for transporting meals in incurred, possibly causing disruption to the education process.	Without additional funding it is unlikely schools will be able to comply with the requirement and roll out of free school meals. Whilst an extensive programme of works has been undertaken for the improvements and refurbishment of the majority of schools, further budget is required.	150,000	H&S	Nick Keyse



Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
P6 Page 131	<p><b>Bringing County highways to the level of a safe road network.</b> The reduction and shortfall in revenue budgets over recent years for maintaining our highways and associated infrastructure has resulted in a concerning backlog and the need for a major injection of funding to address the situation.</p> <p>In order to halt the deterioration of MCC roads and footways, a minimum annual investment of £3.5m per annum (an additional £2.2m/yr) is needed to maintain a steady state and avoid longer term deterioration. This is in addition to any specific grant funding from Welsh Government, which if awarded will be for the purpose of reducing the backlog and improving the overall condition of the highway network.</p> <p>The £3.5m/yr figure above factors in the loss of £630k/yr WG highways refurbishment grant which ceased in 2021/22.</p> <p>Further work is being undertaken to provide an up to date accurate figure for bringing the highways and associated infrastructure back into a serviceable condition.</p>	<p>Risk that roads and highway infrastructure continues to deteriorate resulting in more costly future repairs, risk to life and limb arising from accidents and in the most extreme case structural failure of bridges, risk of communities being cut off and impact on residents, businesses and visitors due to road closures where the highway network is unsafe, risk of insurance claims against the Council</p>	<p>2,200,000 per annum</p> <p>(of which £590k is included in the capital pressure mandate for 23/24)</p> <p>Total figure to bring infrastructure to a serviceable condition tbc</p>	<p>H&amp;S, Legal, INF</p>	<p>Mark Hand/ Paul Keeble</p>

**Repairs to bridges and structures**

The reduction and shortfall in revenue budgets over recent years for maintaining our highways and associated infrastructure has resulted in a concerning backlog and the need for a major injection of funding to address the situation.

The following specific structures are identified as needing significant investment by the end of 2025/26

**Scour repairs to Wyebridge, Chepstow £698,000**

The 23/24 capital pressure mandate includes £198k for preventative measures and surveys in 23/24, with additional costs indicated of £500k for long term repairs to scour damage in 24/25.

**Redbrook Railbridge repairs £550,000**

These costs are expected to arise in 2024/25. This figure represents MCC's 50% share because this is a cross-border structure with costs shared 50/50 with Gloucestershire County Council

**A4077 Gilwern Viaduct £2,218,000**

Substandard structure. £2m to repair, £8m to replace. The 23/24 capital pressure mandate includes £42k for ongoing monitoring in 23/24, with additional costs indicated of £175k for studies in 24/25 and £2m for significant works in 25/26.

**Reprovision or repair of Chain Bridge £1,502,000**

Cost prediction is indicative at present. The 23/24 capital pressure mandate includes £77k for digital load monitoring in 23/24, with additional costs indicated of £125k for studies in 24/25 and £1.3m for significant refurbishment works in 25/26.

**Repairs to Wyebridge, Monmouth £2,433,000**

The 23/24 capital pressure mandate includes £68k for river scour repairs in 23/24, with additional costs indicated of £195k for further

Risk that roads and highway infrastructure continues to deteriorate resulting in more costly future repairs, risk to life and limb arising from accidents and in the most extreme case structural failure of bridges, risk of communities being cut off and impact on residents, businesses and visitors due to road closures where the highway network is unsafe, risk of insurance claims against the Council

£7,566,000

(of which  
£550k is  
included in  
the capital  
pressure  
mandate for  
23/24)

H&S, INF

Mark  
Hand/  
Paul  
Keeble

Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
	<p>scour repairs and repairs to the flood relief arches in 24/25 and £2.170m in 25/26</p> <p><b>Tintern Wireworks bridge repairs £165,000</b> This represents a 50% apportionment of the project over-spent costs expected to arise in 2024/25. This is a cross-border structure with costs shared 50/50 with Gloucestershire County Council</p>				
Page 8 of 33	<p><b>Investing in culvert and retaining wall infrastructure projects to arrest road closures due to whole or partial bank slips (Grant risk) -</b> The following schemes have formed grant bids but in 22/23 were either unsuccessful or underfunded, presenting a pressure on the Authority.</p> <p>Govilon culvert £40,000 Green Cottage retaining wall £150,000 A4136 Staunton Road Stabilisation, £2,230,000 A466 Wyndcliff rock stabilization compensation site creation (grant shortfall) £20,000 A4077 retaining walls £500,000</p>	<p>Risk that roads and highway infrastructure continues to deteriorate resulting in more costly future repairs, risk to life and limb arising from accidents and in the most extreme case structural failure of bridges, risk of communities being cut off and impact on residents, businesses and visitors due to road closures where the highway network is unsafe, risk of insurance claims against the Council</p>	<p>2,940,000</p> <p>(of which £460k is included in the capital pressure mandate for 23/24)</p>	<p>H&amp;S, INF</p>	<p>Mark Hand/ Paul Keeble</p>

Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
P9 Page 134	<p><b>Investing in flood damage repairs</b> - The following schemes have formed grant bids but in 22/23 were either unsuccessful or underfunded, presenting a pressure on the Authority.</p> <p>A4143 Llanfoist river bridge cutwater refurbishment £20,000  R1 revetment repairs near Llanthony £110,000  The Hafod, Llanelly Hill landslips £85,000  Capel y Ffin debris clearance and landslide repairs £505,000  Wenallt House, Tintern edge of carriageway collapsing £90,000*  A466 Catchmay's Court landslip flood recovery £260,000*  Mill Farm, Grosmont flood recovery repairs £50,000*  Raven's Nest Wood edge of carriageway collapsing £197,000*  The Kymin carriageway edge restraint £150,000*  St Bride's Brook edge of carriageway collapsing £119,000*  A472 Usk flood wall strengthening £260,000*</p> <p>*WG flood recovery grant expected but not yet confirmed</p>	<p>Risk that roads and highway infrastructure continues to deteriorate resulting in more costly future repairs, risk to life and limb arising from accidents and in the most extreme case structural failure of bridges, risk of communities being cut off and impact on residents, businesses and visitors due to road closures where the highway network is unsafe, risk of insurance claims against the Council</p>	<p>1,846,000</p> <p>(of which £560k is included in the capital pressure mandate for 23/24 and a further 1,126,000 which should be covered by WG flood recovery grant but this awaits confirmation from WG)</p>		
P10	<p><b>Transportation/safety strategy</b> – provision of safe routes to school to avoid the need for free school transport within statutory travel distances where solutions are possible. Improvements to car parks to ensure DDA compliance.</p>	<p>The Council continues to fund free school transport</p>	<p>800,000</p>	<p>Legal</p>	<p>Mark Hand/ Paul Keeble</p>
P11	<p><b>Church Road resurfacing (Grant risk)</b> - Only required if the secured grant funding cannot be spent in 2022/23 for Church Road phase 2 (currently out to tender for the second time).</p>	<p>Risk that highway continues to deteriorate resulting in more costly future repairs, risk of insurance claims against the Council</p>	<p>150,000</p>	<p>INF</p>	<p>Mark Hand/ Paul Keeble</p>

Ref	Capital Pressure	Risks identified if not immediately funded	Forecast Pressure	Priority criteria (see appx 7)	Responsible Officer
P12	<p><b>Public Rights of Way</b> to bring the network up to statutorily required, safe and more accessible standard and maintain this. Based on updating the assessment completed to inform the Rights of Way Improvement Plan, reflecting that the backlog of issues is growing. Includes signage, drainage and surfacing, stiles and gates and known bridge replacement need. This is as a provisional figure as surveys and assessments of bridges and structures are on-going. It excludes larger structures requiring bespoke solution and specific rights of way structural issues. 321 bridges have known issues and circa 20 footbridges (5 large bridges) need urgent replacement. [MonLife]</p>	<p>Increasing number of footbridges officially closed but still present a health and safety risk around unauthorised access, as failed structures need to be removed / replaced. Circa 20 additional required closures identified. Increase in insurance claims.</p>	6,000,000	H&S, Legal, Corp, INF	Ian Saunders / Matthew Lewis
Page 135	<p><b>Countryside access sites</b> – to maintain countryside visitor and heritage sites to a safe standard includes stonework on scheduled ancient monuments, access works, river protection works, and repairs to car parks.</p> <p>Excludes Clydach Ironworks SAM restoration costs and further pressures as a result of the spread of ash dieback. [MonLife]</p>	<p>Deterioration of visitor offer and heritage assets</p>	380,000	H&S, Legal, Corp, INF, Third	Ian Saunders / Matthew Lewis
P14	<p><b>Clydach Ironworks</b>– to comprehensively restore the Scheduled Ancient Monument from its “at risk” status and provide visitor access – further external grant approved to address critical defects in 23/24, but beyond this the monument remains at risk</p>	<p>Current grant funding should address critical risks</p>	2,500,000	H&S, Legal, Corp, INF, Third	Ian Saunders / Matthew Lewis

## Appendix 6 - MonLife Investment Considerations in the medium term

Ref	Investment Consideration	Forecast Investment	Priority criteria (see appx 3)	Responsible Officer
I1	<b>Gilwern Site</b> – redevelopment of site, major refurbishments (part of CRF bid)	1,500,000	Corp	Ian Saunders
I2	<b>Monmouth Museum / Shire Hall / Museum Storage</b> - Reconfiguration to create new cultural and heritage destination including redisplay of the Nelson collection and addressing museum collections storage; feasibility study completed part of Monmouth LUF bid and other grant funding being sought (heritage lottery / WG etc.)	3,500,000	Corp, Third, INF	Ian Saunders
I3	<b>Caldicot Leisure Centre Redevelopment</b> (Feasibility and cost certainty completed). Part of LUF bid	12,000,000	Corp	Ian Saunders
I4	<b>Abergavenny Leisure Centre Phase 2 Redevelopment</b>	8,000,000	Corp	Ian Saunders

## Appendix 7 – Approved Capital scheme priority criteria

<b>Ref</b>	<b>Aspect</b>	<b>Indicative Rank</b>
<b>H&amp;S</b>	Health & safety works (life & limb works)	1
<b>Legal</b>	Legal & regulatory obligations	1
<b>Rev</b>	Allow a balanced revenue budget to be set, or a net deficit in revenue spending to be positively addressed	2
<b>Corp</b>	Deliver corporate plan priorities	2
<b>Third</b>	Attract significant 3 <sup>rd</sup> party or private match funding to the County	3
<b>S2S</b>	Spend to save transformational works (including flexible use of capital receipts)	3
<b>INC</b>	Spend to earn net income – rents, interest and dividends	3
<b>Sust</b>	Create sustainable income streams – business rates and council tax	3
<b>AMP</b>	Asset management plan outcomes	4
<b>INF</b>	Addresses major infrastructure investment	4

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2023/24 Prudential indicators

Capital Expenditure £m	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
Total	45.7	30.8	15.3	11.2

Capital Financing £m	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
External Sources (Grants & S106 Contributions)	21.6	16.4	6.2	2.5
Own Resources (Capital receipt and reserves)	4.4	1.7	1.7	1.7
Leasing	1.5	1.5	1.5	1.5
Supported borrowing	2.4	2.4	2.4	2.4
Unsupported Borrowing & other Debt	15.8	8.7	3.5	3.1
Total	45.7	30.7	15.3	11.2

Gross Debt Forecast compared to CFR £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt (Inc. PFI, leases, right of use assets)	190.2	190.4	193.6	195.7
Capital Financing Requirement (Total)	223.2	227.3	225.9	223.8

Authorised & Operational Borrowing Limits	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Authorised limit - borrowing	263.9	255.5	244.0	245.9
Authorised Limit - PFI, leases & right of use assets	4.4	4.4	4.4	4.3
<b>Authorised Limit - total external debt</b>	<b>268.3</b>	<b>259.9</b>	<b>248.4</b>	<b>250.2</b>
Operational Boundary - borrowing	239.9	231.5	220.0	221.9
Operational Boundary - PFI, leases & right of use assets	2.9	2.9	2.9	2.8
<b>Operational Boundary - total external debt</b>	<b>242.8</b>	<b>234.4</b>	<b>222.9</b>	<b>224.7</b>

Proportion of Financing Costs to net revenue stream	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Net Interest payable £m	6.1	6.7	6.9	7.1
MRP £m	6.9	7.1	7.5	7.6
<b>Total Financing costs £m</b>	<b>13.0</b>	<b>13.8</b>	<b>14.4</b>	<b>14.7</b>
Net Revenue Stream (£m)	189.6	196.0	199.6	203.3
<b>Proportion of net revenue stream %</b>	<b>6.86%</b>	<b>7.04%</b>	<b>7.21%</b>	<b>7.23%</b>

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# Capital Strategy & Treasury Management Strategy 2023/24

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### 1. Executive Summary

#### **Capital Strategy**

- 1.1. The requirement for Local Councils to produce an annual Capital Strategy is outlined in the CIPFA 2021 Prudential Code.
- 1.2. In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, Councils should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.3. As local Councils become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and the financial risks to which the Council is exposed.
- 1.4. With local Councils having increasingly wide powers around commercialisation, more being subject to group arrangements and the increase in combined Council arrangements it is no longer sufficient to consider only the individual local Council; the residual risks and liabilities to which it is subject should also be considered.
- 1.5. The Capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.
- 1.6. Decisions made now on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

### **Treasury Strategy**

- 1.7. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.
- 1.8. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the TM Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local

Council Investments in November 2019 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

1.9. The TM Code identifies three key Treasury management principles:

1.10. **KEY PRINCIPLE 1**

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

**KEY PRINCIPLE 2**

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

**KEY PRINCIPLE 3**

They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The TM Code is clear that throughout public services, the priority for treasury management is to protect capital rather than to maximise return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money.

1.11. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

## 2023/24 Capital Strategy

### 1. Introduction

- 1.1. This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and a summary of the implications for future financial sustainability.
- 1.2. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 1.3. Current Welsh Government legislation on the flexible use of capital receipts permits them to be used to fund revenue expenditure that will generate ongoing savings or reduce revenue costs or pressures over the longer term to an Council, or several Councils, and/or to another public body.
- 1.4. In the current economic climate of financial constraints and a continued Medium Term Financial Projection (MTFP) revenue budget gap, expenditure on capital needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.
- 1.5. The strategy highlights the key risks and considerations:
  - The Council's medium term capital programme contains a substantial amount of borrowing, in particular until 2024/25 as part of the financing package of the new King Henry school in Abergavenny. Whilst this is affordable and included in the medium term revenue budget considerations, it would be unsustainable to continue at a such a heightened borrowing level thereafter, especially given the current economic climate and ongoing pressures upon the Council's revenue budget.
  - Within the context of significant demands for capital resources and limited availability, there is the need to develop our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer visibility and assessment of demand for maintenance of assets such as property, highways and other operational assets, as well as focussing on asset rationalisation.

- Useable capital receipts have been used successfully to provide a limited one-off resource to support financing of the capital programme. In recent years the Council has made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off revenue costs associated with service reform. The Council has called upon this flexibility since 2019/20 and plans to do similarly over the medium term.
- With useable capital receipts forecast to reduce to £4.1m by the end of 2026/27, the continued use of capital receipts for this purpose is recognised as necessary but will constrain the amount of receipts available for future capital investment.
- Approval of capital expenditure funded through borrowing locks the Council into committing revenue funding over a very long period (as long as 60 years). With Minimum Revenue Provision (MRP) budgets increasing over the medium-term, the Council needs to ensure its capital plans remain affordable and sustainable.
- The prudential indicators, including borrowing limits, are in line with the final budget proposals presented to Cabinet and Council in March 2023.

1.6. The strategy will be reviewed and updated on an annual basis alongside the Treasury Management Strategy given that both strategies are intrinsically linked.

1.7. The strategy sets out:

- The key objectives outlined in the Prudential Code and the governance arrangements for the Capital Strategy and programme (Section 2)
- The medium term capital programme, its financing, and the revenue implications arising from capital investment (Sections 3 to 5)
- Long term projections for the capital financing costs of the Council and where future demands arise from the various strategic plans across the Council for further capital investment. (Section 6)
- Capital disposals & receipts (Section 7)
- Links between the Capital Strategy and Treasury Management strategy, and treasury decision making. (Sections 8 to 10)
- Consideration of investment for service purposes and commercial activity of the Council and the strategy going forward. (Section 11 and 12)
- Summary of the skills and knowledge the Council holds in order for it to carry out its capital investment and treasury functions. (Section 13)

## 2. The Prudential Code

2.1. The objective of the Prudential Code is to ensure, within a clear framework, that the capital expenditure plans of local Councils are:

- **AFFORDABLE** - It is important that the Council's capital investment remains within sustainable limits. The Code requires Councils to consider the resources currently available to them and those estimated to be available in the future, together with the totality of the

capital plans and income and expenditure forecasts. As well as capital expenditure plans, Councils should consider the cost of past borrowing, ongoing and future maintenance requirements, planned asset disposals and the MRP policy, which all impact upon affordability.

- **PRUDENT** – All external borrowing and other long-term liabilities are within prudent levels. The full Council set an authorised limit and operational boundary for external debt, these need to be consistent with the Council's plans for affordable capital expenditure and financing, and with its treasury management policy statement and practices.
- **SUSTAINABLE** – taking into account the arrangements for repayment of debt (including through MRP) and consideration of risk and the potential impact on the Council's overall financial sustainability in the medium to longer term.

- 2.2. The risks associated with investments for commercial purposes should be proportionate to the Council's financial capacity and standing.
- 2.3. Treasury management decisions should be taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
- 2.4. The Prudential Code requires Councils to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-term financing implications and potential risks to the Council.
- 2.5. In order to demonstrate that local Councils have fulfilled these objectives, the Prudential Code sets out the prudential indicators that must be used, and the factors that must be taken into account. These indicators are presented alongside the final budget presented to Council.
- 2.6. **Governance & reporting**
- 2.7. The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with full Council. Although the detailed implementation and monitoring is delegated to Governance and Audit Committee, ultimate responsibility still lies with full Council.
- 2.8. The responsibility to approve the Capital strategy and the annual Treasury management strategy (including the investment strategy and MRP policy statement) lies with full Council.
- 2.9. Council delegates responsibility for the detailed implementation, monitoring and scrutiny of its treasury management policy, strategy and practices to the Governance & Audit Committee and for the execution and administration of treasury management decisions to the Section 151 officer or deputy, who will act in accordance with the policy and strategy and follow CIPFA's Standard of Professional Practice on Treasury Management.



- 2.10. The Council recognises the value in the use of treasury advisors to support the management of risk and to access specialist skills and resources. Support provided by its current advisors Arlingclose Limited includes advice on timing of decision making, training, credit updates, economic forecasts, research, articles and advice on capital finance.
- 2.11. Revised strategy: In accordance with the WG Guidance, full Council would be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

### 3. Setting capital budgets

- 3.1. Over the four financial years the Council is planning capital expenditure of £103.1m as summarised below:

**Table 1: (Prudential indicator) - Capital Medium Term Financial Plan**

Scheme type	Indicative Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26	Indicative Budget 2026/27
Asset Management Schemes	2,230,049	2,230,049	2,230,049	2,230,049
School Development Schemes	29,324,638	19,456,606	4,151,797	0
Infrastructure & Transport Schemes	6,272,740	3,627,740	3,527,740	3,527,740
Regeneration Schemes	602,900	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	413,000	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,007,500	507,500	507,500	507,500
Other Schemes	1,126,000	1,126,000	1,126,000	1,126,000
<b>TOTAL EXPENDITURE</b>	<b>45,676,828</b>	<b>30,791,096</b>	<b>15,386,287</b>	<b>11,234,490</b>

- 3.2. Member responsibility for assets rests with the Cabinet member for Resources. The main governance and approval process for capital investment is summarised as follows:
- Council approve the overall revenue and capital budgets following recommendations from Cabinet. They also approve the borrowing limits of which the capital programme will need to remain within (**the Authorised limit**). This limit is a key performance indicator for treasury management and ensures that capital expenditure is limited and borrowing remains within an affordable limit.
  - Any variation of the Authorised borrowing limit can only be approved by Council.

- Council approve the Treasury Management, Investment & Borrowing strategies, which are intrinsically linked to capital expenditure and the capital strategy.
  - Items of capital investment are discussed and scrutinised at the Capital and Asset Management Working Group (CAMWG), which is made up of senior officers from all service areas. Discussion also includes planning for asset disposals; where capital investment is required, and; prioritisation of that investment in line with the priority matrix and the other strategic plans in place.
  - Recommendations on capital investment will be made by CAMWG to the Strategic Leadership Team (SLT) following review of the project appraisal, who will consider for onward inclusion in the capital budget and to be considered further by Cabinet and Council.
  - Monitoring of capital expenditure is reported to Cabinet and includes updates on capital receipts and any consequential impact on the revenue budget of the scheme progress made.
  - The 2023/24 and forward capital budgets include investment in schemes which attract significant match funding from external bodies which services will be responsible for bidding for. The CAMWG will play a pivotal role in ensuring that this investment is properly aligned with the overall Community and Corporate Plan priorities and is robustly assessed against the agreed priority matrix included below.
- 3.3. The identified backlog of capital budget pressures that currently sit outside of the above capital MTFP totals £52m and indicates that there is a higher call for capital expenditure than the Council considers it can affordably finance. This means that capital schemes will have to be prioritised or the capital available has to be spread more thinly than is ideal. All stakeholders must recognise that funding capital expenditure by borrowing only defers the charge to revenue budgets to future years, but at the same time if capital maintenance works are deferred then the total life costs of supporting an asset are likely to increase. This effect is often veiled in medium term financial planning as asset lives are much longer than four years.
- 3.4. Annual investment included in the capital programme for property maintenance, highways maintenance, relevant specific capital grants and the future schools programme will assist in addressing the highest priority backlog issues, focussing on worst condition first and associated risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be utilised to offset the backlog funding required. This will not address the specific total backlog but is a way of targeting the main issues in an affordable manner.
- 3.5. There may be other requirements for capital funding for schemes that are not yet contained within the overall programme. Any new schemes that arise during the year will either need to be funded via specific funding sources (e.g. external grant) or represent a call upon any available programme under spends. It is important that capital expenditure remains at an affordable level within the framework agreed and, therefore, prioritisation of capital expenditure is essential and needs to be affordable and sustainable in the long-term.
- 3.6. The below priority ranking matrix approved as part of the inaugural capital strategy assists the CAMWG and SLT with their considerations of future capital investment.

Ref	Aspect	Indicative Rank
H&S	Health & safety works (life & limb works)	1
Legal	Legal & regulatory obligations	1
Rev	Allow a balanced revenue budget to be set, or a net deficit in revenue spending to be positively addressed	2
Corp	Deliver corporate plan priorities	2
Third	Attract significant 3 <sup>rd</sup> party or private match funding to the County	3
S2S	Spend to save transformational works (including flexible use of capital receipts)	3
INC	Spend to earn net income – rents, interest and dividends	3
Sust	Create sustainable income streams – business rates and council tax	3
AMP	Asset management plan outcomes	4
INF	Addresses major infrastructure investment	4

- 3.7. Regular reviews of previously approved schemes which have been delayed will be undertaken to ensure that they remain affordable within set budgets. This is especially relevant in the current economic climate of high inflation and supply chain disruption.

## 4. Capital financing requirement

- 4.1. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

**Table 2: (Prudential indicator) - Capital financing in £m**

Source of funding	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
External sources	23.1	17.8	7.7	4.0
Capital Receipts	4.3	1.7	1.6	1.6
Revenue Reserves	0.1	0.1	0.1	0.1
Debt	18.2	11.1	6.0	5.5
<b>Total</b>	<b>45.7</b>	<b>30.8</b>	<b>15.4</b>	<b>11.2</b>

- 4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.
- 4.3. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace the debt.
- 4.4. The table below provides the medium-term outlook for the Council's CFR, inclusive of the impact of PFI arrangements. This is based on the indicative medium term capital programme and, therefore, does not reflect any potential additional borrowing beyond that already approved.

**Table 3: CFR and related MRP charges in £m**

	2022/23 Forecast £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Capital Financing Requirement	206.9	223.3	227.3	225.9	223.8
Minimum Revenue Provision	6.6	7.0	7.1	7.4	7.6

- 4.5. The increase in capital expenditure, including that funded via other sources, will be a considerable operational challenge to achieve, as evidenced by the significant levels of slippage incurred over recent financial years. Therefore, it is important to recognise the possibility that the actual CFR may be lower than estimated by the end of the 2023/24 financial year, and in turn reducing the actual need to undertake external borrowing.
- 4.6. This presents a difficult consideration for the Council, as it is important that capital expenditure plans are realistic, as otherwise this can result in unnecessarily committing resources towards capital financing budgets, which in turn restricts alternative investment in achieving its service aspirations.

**Note:** With the introduction of the accounting requirements of IFRS 16 (Leases), the CFR and debt identified as relating to leases is likely to increase, due to the change in the way that finance leases for lessees are treated. CIPFA/LASAAC took the decision to initially defer the implementation of IFRS 16 Leases until the 2022/23 financial year in light of the COVID-19 pandemic and the resultant pressures on Council's. However, there has been a subsequent further deferral meaning that the introduction of the accounting standard is likely to impact the 2024/25 financial year at the earliest. Work is continuing to be undertaken to gather the relevant information necessary to gauge the impact upon the Council.

## 5. Revenue budget implications

- 5.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. These net annual charges are known as financing costs. The table below compares these financing costs to the net revenue stream i.e. the amount of income from Council Tax (MCC element), business rates and general government grants.

**Table 4: (Prudential indicator) - Proportion of financing costs to net revenue stream**

Proportion of financing Costs to net revenue stream	2022/23 Estimate £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Net Interest payable	3.9	6.4	6.7	6.9	7.1
MRP	6.7	7.0	7.1	7.5	7.6
<b>Total Financing costs</b>	<b>10.6</b>	<b>13.4</b>	<b>13.8</b>	<b>14.4</b>	<b>14.7</b>
Net Revenue Stream	175.1	189.4	195.8	199.4	203.1
<b>Proportion of net revenue stream %</b>	<b>6.06%</b>	<b>7.07%</b>	<b>7.06%</b>	<b>7.20%</b>	<b>7.24%</b>

- 5.2. The overall proportion of financing costs remains fairly static over the MTFP window which is reflective of the total revenue stream increasing in line with expected inflationary impacts whilst the financing costs increase moderately in line further capital investment made.
- 5.3. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years afterwards. The Section 151 officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because the financing costs have been spread over no more than, the lower of 50 years and the expected life of the resultant asset, so the assets will be paid for by the Council tax payers benefitting from them over the life of the assets. The financing costs for assets funded by debt are included in each annual revenue budget which is balanced before approval by Council.

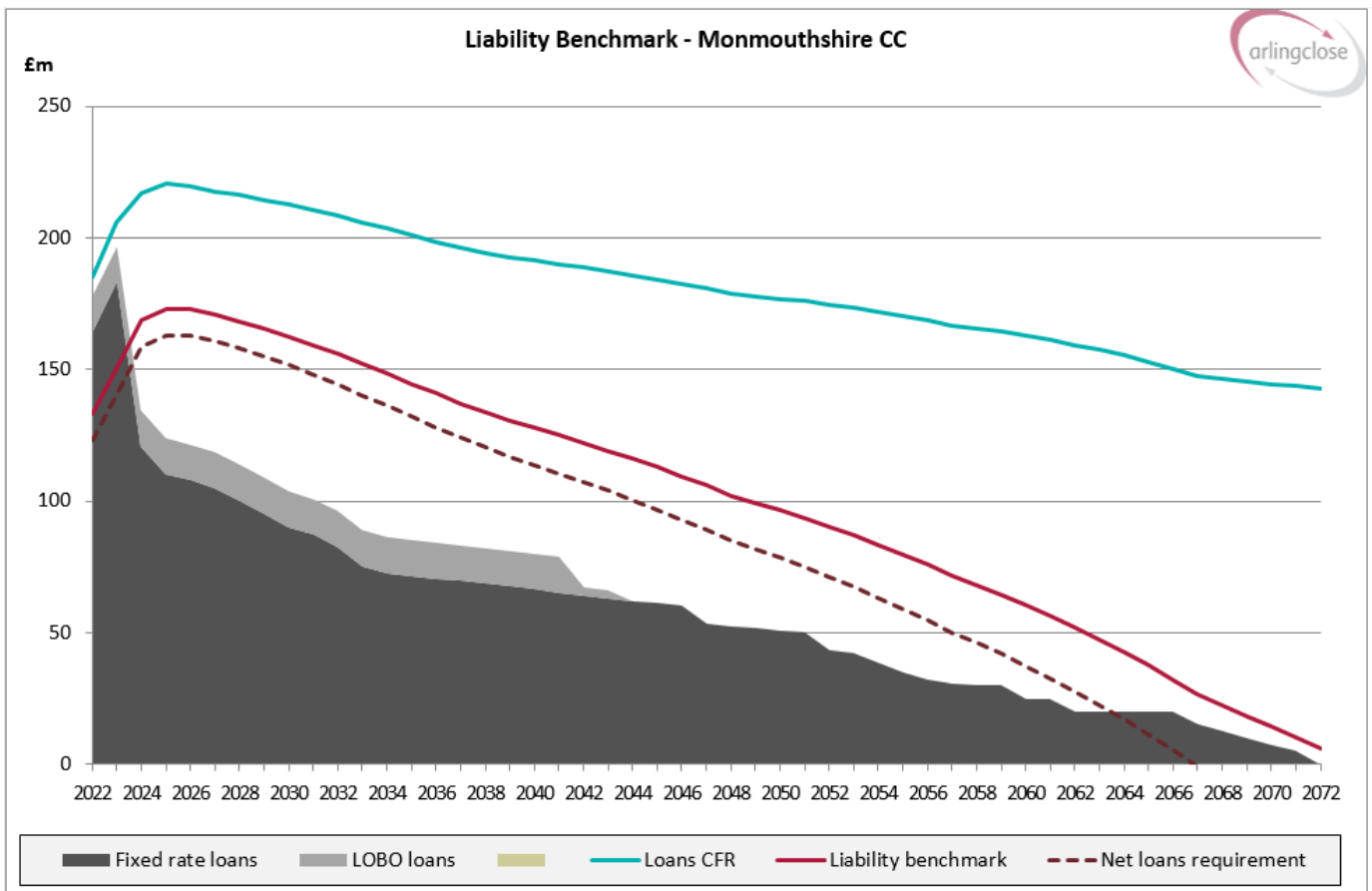
## 6. Long term capital financing projections

- 6.1. Capital investment is often for assets which have a long-term life i.e. buildings and road infrastructure may have an asset life in excess of 50 years. The financing of these assets could also be over a long-term period. Therefore, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once capital expenditure has been financed from borrowing the Council is committed to the revenue implications arising from that decision (i.e. the annual cost of MRP) for a long-term period.
- 6.2. Due to the financial constraints that the Council continues to operate under, it is anticipated that the ability to finance capital expenditure from borrowing will remain incredibly restricted over the long-term. This means that the Council will face a significant challenge in being

able to finance its medium to longer term capital aspirations in terms of maintenance backlogs, as well as the need to invest in new and existing assets.

6.3. The Liability benchmark shown below demonstrates the following, in terms of the impact of the current capital programme and projected capital investment financed from borrowing over the next 50 years:

- The impact the current capital programme has in terms of the increasing the CFR (blue line) and the consequent need for external borrowing, denoted by the steepness of the solid and dashed red curves over the initial years;
- A longer-term gradual reduction in the overall level of CFR, as shown by the trajectory of the solid blue line which is a result of indicative annual borrowing being below the level of annual MRP;
- A longer-term reduction in the need to undertake actual external borrowing, as shown by the trajectory of the dashed red line;
- A requirement for further external borrowing in the medium to long-term, despite lower capital expenditure levels, resulting from the need to refinance maturing loans.



- 6.4. It should be noted that the scenario above is for modelling purposes only and the actual position will be impacted by a number of factors that will ultimately determine the level of borrowing and associated capital financing costs. These factors include assumptions included on the level and deliverability of capital investment; the level of external financing for the programme; internal Council resources; and future MRP policy and treasury strategy.

### **Ongoing Capital Programme Development**

- 6.5. In light of continuing funding constraints, it is important that the Council understands the key risks and future aspirations for capital investment. These are captured through various plans and strategies across the Council. There will be a range of priorities originating from these plans, particularly the Community and Corporate Plan which when approved, will look to deliver on aspirational long term objectives such as the decarbonisation agenda and affordable housing.
- 6.6. Alongside this, it is important to consider the requirement to maintain the Council's current asset base. As noted previously, this is something that has been severely impacted by constrained funding levels in previous years and has resulted in a maintenance backlog developing, which gives rise to the potential for major asset failures to occur where issues have developed over time. Although the risks associated are captured through ongoing condition surveys and monitoring, it is inevitable that as time progresses that more significant sums of investment will be required to maintain or substantially refurbish ageing assets.
- 6.7. The level of annual investment included in the capital programme for maintenance and refurbishment of assets assists in addressing the highest priority backlog issues, focussing on worst condition first and associated risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be utilised to offset the backlog funding required. This will not address the specific total backlog but is a way of targeting the main issues in an affordable manner.
- 6.8. There will inevitably be other priorities to be considered for inclusion within the capital programme over the medium to longer term, with the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes that will require substantial match funding commitments. The consideration to support such priorities will need to be carefully balanced against other competing demands.

## **7. Capital disposals & receipts**

- 7.1. The Council's Asset Management strategy ([link](#)) sets out the Council's vision, priorities and key actions associated with managing our assets. The aim is to ensure sustainability and

maximise the financial and social value of our assets for our communities. The ongoing challenging economic conditions mean we must have robust policies and programmes in place to ensure our estate is lean, efficient, meets the needs of service users and is fit for purpose. The strategy also recognises the importance of maximising the income we can generate from our property assets to help support wider service delivery.

7.2. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts “flexibly” on service transformation projects under the Welsh Government flexible use of capital receipts policy. Repayments of capital grants, loans and investments also generate capital receipts.

7.3. The Council anticipates the following capital receipts in the forthcoming financial years:

**Table 5: Forecast Capital receipts**

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Balance as at 1st April	8,773	10,849	9,249	8,152	6,655
Less: capital receipts used for financing	(3,776)	(1,547)	(1,194)	(1,094)	(1,094)
Less: capital receipts used to support capitalisation directive	(2,650)	(3,008)	(508)	(508)	(508)
Capital receipts Received	7,072	0	0	0	0
Capital receipts Forecast	1,430	2,954	604	104	104
<b>Forecast Balance as at 31st March</b>	<b>10,849</b>	<b>9,249</b>	<b>8,152</b>	<b>6,655</b>	<b>5,158</b>

7.4. Further specific details of planned asset disposals are included in the annual Capital budget papers deliberated by Members, with specific sales proposals being an exempt appendix from public reporting requirements due to potential to compromise of receipt maximisation.

7.5. The value of Capital receipts forecast after 2023/24 drops off quite considerably which is reflective of the replacement local development plan (RDLP) not proceeding as quickly as envisaged in the original delivery agreement. This will have a substantial impact on the balance of receipts available to fund future capital investment demands.

7.6. Traditionally receipts have been earmarked to finance the Councils future schools investment. In a change from previous practice, whilst the Council has further future schools aspirations, it is not proposed to advocate a similar approach to members in respect of futures tranches of investment. Schools based assets commonly have a useful life of 50 years+, and as such traditional long term loan funding can be sourced at competitive rates with limited annual revenue volatility. The Council derives greater revenue benefit by using capital receipts in affording replacement of short life assets, given the avoidance of proportionately more significant minimum revenue provision.



## 8. Treasury management

- 8.1. The Treasury management strategy (TMS) is considered alongside the Capital strategy at Council and the figures within it link directly to the impact of the debt resulting from the Capital strategy and the subsequent capital investment.
- 8.2. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 8.3. Based on historic capital expenditure and due to decisions taken in the past, as at 31<sup>st</sup> December 2022, the Council has £188.1m borrowing at a weighted average interest rate of 2.87% and £38.3m treasury investments at a weighted average rate of 2.96%.

## 9. Borrowing strategy

- 9.1. Whilst the Council has significant long term borrowing requirements, the Council's current strategy of funding capital expenditure is through utilising internal resources such as reserves (called 'internal borrowing') rather than undertaking new borrowing i.e. we defer taking out new long term borrowing and fund capital expenditure from day to day positive cash-flows for as long as we can.
- 9.2. By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long term borrowing and this remains a primary driver for our current 'internally borrowed' strategy.
- 9.3. Whilst this strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.
- 9.4. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.
- 9.5. Projected levels of the Council's total debt (which comprises borrowing, PFI liabilities and finance leases) are shown below, compared with the capital financing requirement.

**Table 6: (Prudential indicator) - Gross Debt and the Capital Financing Requirement in £m**

Gross Debt Forecast compared to CFR	2022/23 Estimate £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Debt (Inc. PFI, leases, right of use assets)	194.4	190.2	190.4	193.6	195.7
Capital Financing Requirement (Total)	206.9	223.2	227.3	225.9	223.8
(Under) / Over borrowed	(12.5)	(33.0)	(36.9)	(32.3)	(28.1)

- 9.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen in the table above, the Council expects to comply with this in the medium term.
- 9.7. **Authorised limit:** The Council is legally obliged to approve an affordable borrowing limit (also termed the 'authorised limit' for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

**Table 7: (Prudential indicator) - Authorised limit and operational boundary for external debt in £m**

Authorised limit and Operational boundary	2022/23 Estimate £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Authorised limit - borrowing	251.4	263.9	255.5	244	245.9
Authorised limit - PFI, leases & right of use assets	4.4	4.4	4.4	4.4	4.3
<b>Authorised Limit - total external debt</b>	<b>255.8</b>	<b>268.3</b>	<b>259.9</b>	<b>248.4</b>	<b>250.2</b>
Operational Boundary - borrowing	227.4	239.9	231.5	220	221.9
Operational Boundary - PFI, leases & right of use assets	2.9	2.9	2.9	2.9	2.8
<b>Operational Boundary - total external debt</b>	<b>230.3</b>	<b>242.8</b>	<b>234.4</b>	<b>222.9</b>	<b>224.7</b>

## 10. Investment strategy

- 10.1. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 10.2. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local Councils or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager

makes decisions on which particular investments to buy and the Council may request its money back at short notice.

**Table 8: Treasury management investments in £m**

	31/3/2022 forecast £m's	31/3/2023 forecast £m's	31/3/2024 forecast £m's	31/3/2025 forecast £m's	31/3/2026 forecast £m's
Near-term investments	8.6	32.0	6.0	6.0	6.0
Longer-term investments	6.0	4.0	4.0	4.0	4.0
<b>Total</b>	<b>14.6</b>	<b>36.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

10.3. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the S151 Officer or Deputy and their staff, who must act in line with the treasury management strategy approved by full Council. The draft 2023/24 strategy is considered alongside this paper with a final version to be put forward for approval by full Council in March 2023. In addition quarterly treasury reports on activity are presented to Governance and Audit Committee who are responsible for scrutinising treasury management decisions.

## 11. Investments for Service Purposes

- 11.1. The Council has historically incurred the majority of its capital expenditure on the assets required to provide its services such as schools, highways and corporate facilities.
- 11.2. However it may also invest in other entities for the wider economic and societal benefits of its communities or businesses. This may include making loans or taking an equity interest in local bodies or the Council's subsidiaries and joint ventures which in turn contribute to services to Monmouthshire residents. It may also include providing guarantees to other bodies.
- 11.3. In light of the public service objective, the Council traditionally is willing to take more risk on these investments than it would with more traditional treasury investments, which are more highly regulated, however any such arrangement should only be entered into if such investments are assessed to break even after all costs are taken into account or if the benefits of the scheme are considered to be worth the net cost.
- 11.4. Decisions on service related investments (e.g. vibrant homes loans afforded through WG repayable grant or economic development loans) can be made by the relevant service manager provided a 100% loss can be covered by the managers existing budgets. Should additional budget/funding be required in the event of a default, then before making the service expense/investment, the Section 151 officer is required to be consulted and where member approval is felt necessary that the details and risks involved presented to Cabinet for approval.

- 11.5. The criteria and limits laid down in the strategy for treasury Investments can be used as a comparator to measure risks against. Most loans and shares are capital expenditure and such decision requires approval of full Council to be added to the capital programme.
- 11.6. A list of investments for service purposes including loans and guarantees will be maintained by the Treasury team and they will be assessed at least annually and reported as part of the annual accounts and include Foster carer loans and Low cost home ownership equity interest.

## 12. Commercial Activities

- 12.1. Following a sustained period of financial austerity and with financial support for local public services declining, the Council invested in commercial property and other commercial investments to support ongoing revenue budgets and promote wider economic regeneration and strategic policy aims within the County and its borders.
- 12.2. Total commercial investments are currently valued at £30.4m:

**Table 9: Value of Commercial investments**

Asset	Value @ 01/04/2021	Movement	Value @ 31/03/2022
Castlegate Business Park	6,870,500	-1,135,087	5,735,413
Castlegate Business Park - Service Charge	592,392	-250,024	342,368
Newport Leisure Park	18,000,000	909,000	18,909,000
Oak Grove Solar Farm	5,097,743	290,794	5,388,537
Broadway Loan	1,150,000	-175,926	974,074
<b>Total</b>	<b>30,560,635</b>	<b>-170,584</b>	<b>30,375,318</b>

- 12.3. Given the current economic environment, and the risks and challenges presenting following the Covid-19 pandemic, further investment into new commercial investment opportunities has been paused.
- 12.4. Under changes to the Public Works Loan Board (PWLB) lending arrangements in March 2020 the government ended access to the PWLB for Councils that wished to buy commercial assets primarily for yield, as assessed by the statutory section 151 officer of the Council. Councils that wish to buy commercial assets primarily for yield would remain free to do so but would not be able to take out new loans from the PWLB in that financial year.
- 12.5. Commercial investments will be revalued at least annually as part of the ongoing review of the Commercial investment portfolio, and the performance of these assets assessed regularly through the service budget monitoring of the Corporate Landlord service, via reporting to the Investment Committee and annually to Governance & Audit Committee.
- 12.6. With the increased financial returns expected on investment available from commercial investment, the Council naturally accepts higher risk compared with traditional treasury

investments. Risk exposures for property investments include a fall in capital value, vacancies, poor tenant performance, rent increases below inflation, lack of market appeal/obsolescence/cost to rectify, and changes in legislation. For other investments such as loans and equity, risks also include – fall in market value, poor repayment performance and insolvency/costs of debt recovery.

- 12.7. The Council has adopted a very prudent approach to the financial management of its commercial assets, in ensuring that business cases are predicated on affording the related borrowing before providing a net return to assist with revenue budget setting. It has also elected to treat such investments as capital expenditure and incur an explicit annual minimum revenue provision in affording the related borrowing, whereas Welsh Government guidance would have permitted deferment of these financing considerations to when property is sold, providing that the selling price can reasonably be anticipated to be greater than purchase price.
- 12.8. To date, commercial investments have focused primarily on property acquisition so the risks are managed by the corporate landlord service assisted by external professionals where necessary. They will manage asset maintenance and the tenant/landlord interface including collecting income. They will review cashflows and assess/forecast the value, quality and diversity of the investments in order to propose any modifications required to the portfolio to increase return and/or reduce risk.
- 12.9. Legislation in place requires the Council to regularly review performance of its Commercial investments and make consideration of:
- Retaining the asset and increasing net returns
  - Disposing of the asset
  - Retaining the asset for future capital gains
  - Maximising return on capital in another way
- 12.10. Decisions on commercial investments are made by the Investment Committee in line with the criteria and limits as set out in the Asset Investment Policy appended to the Asset Management Strategy.
- 12.11. Further details of the selection process for commercial investments, the limits agreed with Council and details of the identification and management of the risks associated with commercial investments are in the Asset Management Strategy, Asset Investment Policy and other supporting documents.

**Table 10: Net income from commercial and service investments to net revenue stream**

	2022/23 forecast £m's	2023/24 budget £m's	2024/25 budget £m's	2025/26 budget £m's	2026/27 budget £m's

Total gross income from commercial investments	2.54	2.81	3.17	3.23	3.23
Net revenue stream	175.1	189.4	195.8	199.4	203.1
Proportion of net revenue stream	1.45%	1.48%	1.62%	1.62%	1.59%

12.12. The ratio of commercial income compared to the Council's net revenue budget is considered prudent and proportionate and is not considered to expose the Council to undue risk if any one income stream was compromised. To assist in managing this risk the Council hold reserves for its commercial investments that look to further mitigate the factors that may impact upon future income generation.

## 13. Knowledge & skills

### Internal expertise

- 13.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Section 151 officer, deputy Section 151 officer, and Head of Commercial and Integrated Landlord Services are professionally qualified with extensive Local Government experience between them.
- 13.2. The central accountancy team who manage day-to-day cashflow activities and monitor capital investment activity consists of experienced qualified and part-qualified accountants who maintain Continuous Professional Development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and obtain relevant skills.

### External expertise

- 13.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisors, and Alder King as property investment advisors. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

### Members

- 13.4. Training is offered to members to ensure they have up to date skills to make capital and treasury decisions. The most recent training was provided in November 2022, with a number of new members attending for the first time. A register is also kept on member attendance.

## 2023/24 Treasury Management Strategy

### 1. Economic background and forecasts for interest rates

- 1.1. **Economic background:** The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.
- 1.2. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6 3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 1.3. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 1.4. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 1.5. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 1.6. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 1.7. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows

four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

- 1.8. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.
- 1.9. **Credit outlook:** Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
- 1.10. CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.
- 1.11. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local Councils and financial institutions, revising them from to negative from stable.
- 1.12. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
- 1.13. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 1.14. **Interest rate forecast:** The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 1.15. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.



- 1.16. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 1.17. A more detailed economic and interest rate forecast provided by Arlingclose is attached at section 8.

## 2. Local Context

- 2.1. On 31st December 2022, the Council held £188.1m of borrowing and £38.3m of treasury investments as demonstrated below:

**Table 11: Current debt and investment levels**

	31st Dec 2021 Actual Portfolio £m's	Average Rate %	31st Dec 2022 Actual Portfolio £m's	Average Rate %
<b>External borrowing:</b>				
Public Works Loan Board	89.4	3.0%	116.7	3.2%
LOBO loans from banks	13.6	4.8%	13.6	4.8%
Welsh Government Loans	4.8	0.0%	5.7	0.0%
Council to Council & other ST loans	61.9	0.1%	52.0	1.8%
<b>Total external borrowing</b>	<b>169.7</b>	<b>2.3%</b>	<b>188.1</b>	<b>2.9%</b>
<b>Treasury investments:</b>				
Banks & building societies (unsecured)	2.0	0.0%	2.0	0.0%
Government (incl. local Councils)	6.5	0.0%	18.0	3.0%
Money Market Funds	28.0	0.0%	14.3	3.3%
Strategic pooled funds	3.5	4.3%	4.0	4.2%
<b>Total treasury investments</b>	<b>40.0</b>	<b>0.4%</b>	<b>38.3</b>	<b>3.0%</b>
<b>Net debt</b>	<b>129.7</b>		<b>149.8</b>	

- 2.2. Forecast changes in these sums are shown in the balance sheet analysis in table 12 below. This shows the future requirement for borrowing (the CFR) alongside those resources available to meet that requirement (external borrowing and useable reserves). Taking these together results in a forecast new external borrowing requirement, which increases over the term of the MTFP window.

**Table 12: Balance sheet summary and forecast**

	31.3.22 Actual £m's	31.3.23 Estimate £m's	31.3.24 Estimate £m's	31.3.25 Estimate £m's	31.3.26 Estimate £m's
Loans CFR	185.2	205.6	216.9	220.9	219.6

Less: External borrowing **	-176.2	-195.5	-133.2	-122.5	-120.3
Internal borrowing	9.0	10.1	83.7	98.4	99.3
Less: Usable reserves	-62.3	-65.3	-58.1	-57.9	-56.8
[Less/Plus]: Working capital	10.0	10.0	10.0	10.0	10.0
New External borrowing requirement	-43.3	-45.2	35.6	50.5	52.5

\* leases and PFI liabilities that form part of the Council's total debt

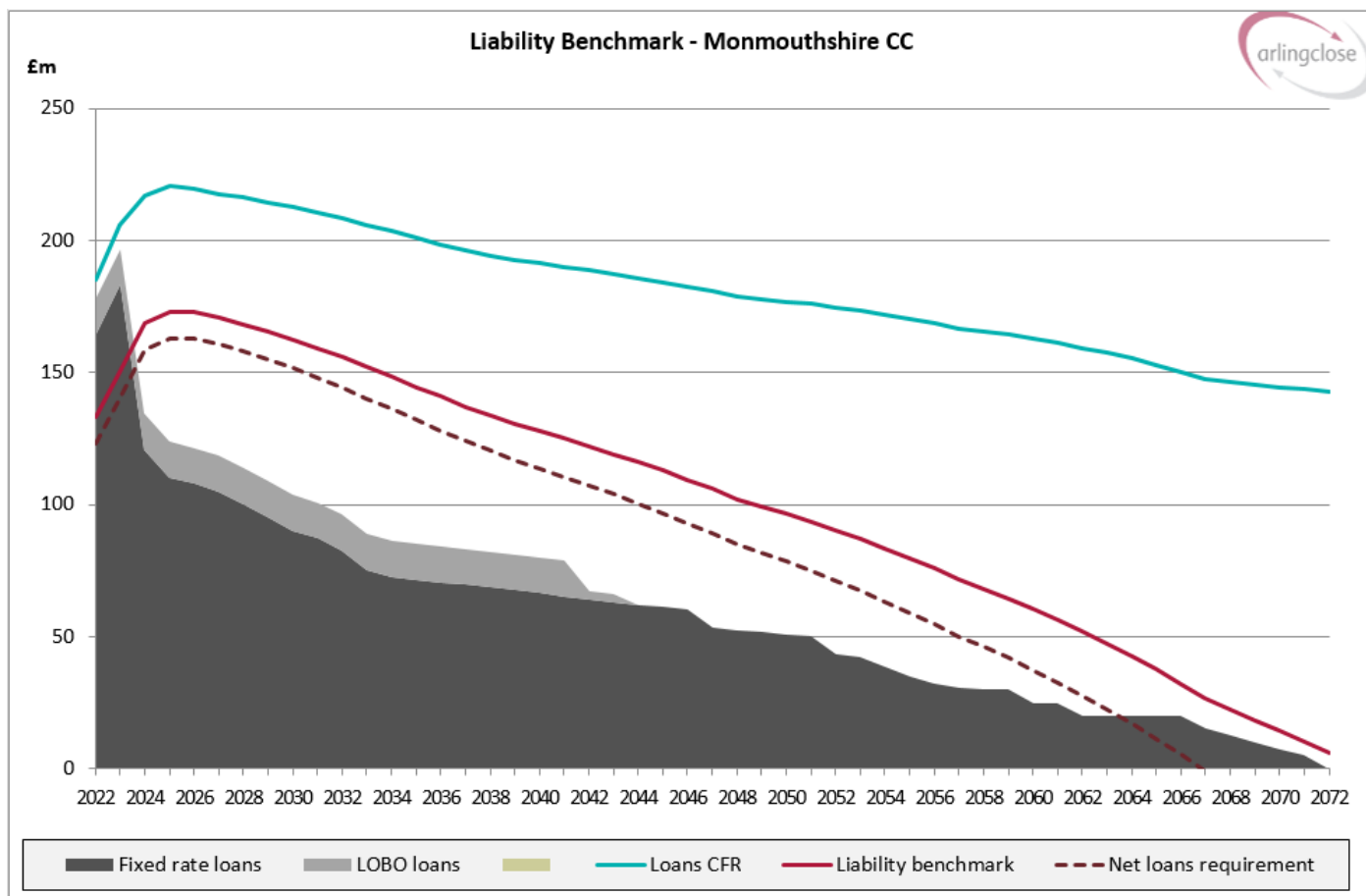
\*\* shows only loans to which the Council is committed and excludes optional refinancing

- 2.3. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 2.4. The Council has an increasing CFR due to the indicative capital programme, but minimal investments and will therefore be required to borrow up to an additional £52.5m over the forecast period, as noted in table 12 above.
- 2.5. CIPFA's Prudential Code for Capital Finance in Local Councils recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 12 shows that the Council expects to comply with this recommendation during 2023/24.
- 2.6. **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 12 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 2.7. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

**Table 13: (Prudential indicator) - Liability benchmark**

	31.3.22 Actual £m's	31.3.23 Estimate £m's	31.3.24 Estimate £m's	31.3.25 Estimate £m's	31.3.26 Estimate £m's
Loans CFR	185.2	205.6	216.9	220.9	219.6
Less: Usable reserves	-62.3	-65.3	-58.1	-57.9	-56.8
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>132.9</b>	<b>150.3</b>	<b>168.8</b>	<b>173.0</b>	<b>172.8</b>

2.8. The long-term liability benchmark below assumes capital expenditure funded by borrowing is maintained as per the capital MTFP and thereafter £3.4m per year; that minimum revenue provision on new capital expenditure is based on asset life as in the MTFP or 25 years and; income, expenditure and reserves held are not increasing or decreasing beyond the MTFP window. This is shown in the chart below:



2.9. Our underlying need to borrow is shown by the top blue line and increases sharply over the short term due to the current approved capital programme. However, due to the use of reserves and working capital, the Council is expected to need total external borrowing between the full and dotted red lines. As our existing loans portfolio (shown in grey) reduce as loans mature, new loans will therefore be required to fill the gap between the grey area and the red lines over the longer term. The Council intends to maintain about a 50% level of short term loans which will partly fill this gap, but we will still need to take out longer term loans, mainly to fund the long-term capital investment built into the Capital MTFP.

2.10. The Council does not intend to borrow in advance of need and will not do so just to gain financially from short term investment of that borrowing. However, this option may be considered if it is felt that borrowing in advance allows opportunities to lock into favourable long-term rates as part of risk mitigation. This will be limited to no more than the expected increase in the Council’s Capital Financing Requirement over its medium term financial plan.

### 3. Borrowing Strategy

- 3.1. The Council currently holds £188.1m of loans, an increase of £18.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 12 shows that the Council expects to borrow up to £35.6m in 2023/24. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £273.5m.
- 3.2. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.3. **Strategy:** Given the significant cuts to public expenditure over recent years and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local Councils, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local Councils planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 3.6. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.7. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- CSC Foundry Ltd

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

- 3.8. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local Councils. This is a more complicated source of finance than the PWLB for two reasons: borrowing Councils will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.
- 3.9. **LOBOs:** The Council holds £13.6m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years. .
- 3.10. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 3.11. **Debt rescheduling:** The PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

3.12. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen in the table above, the Council expects to comply with this in the medium term.

**Table 14: (Prudential indicator) - Gross Debt and the Capital Financing Requirement in £m**

Gross Debt Forecast compared to CFR	2022/23 Estimate £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Debt (Inc. PFI, leases, right of use assets)	194.4	190.2	190.4	193.6	195.7
Capital Financing Requirement (Total)	206.9	223.2	227.3	225.9	223.8
(Under) / Over borrowed	(12.5)	(33.0)	(36.9)	(32.3)	(28.1)

13.5. **Authorised limit:** The Council is legally obliged to approve an affordable borrowing limit (also termed the 'authorised limit' for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

13.6. Based on the capital programme proposed, it is recommended that the Council approve the following authorised limits and operational boundaries. The undertaking of other long-term liabilities, within the overall limit, is delegated to the Section 151 Officer based on the outcome of financial option appraisals and best value considerations.

13.7. The operational boundary remains an internal management tool to monitor borrowing levels and exceeding the boundary would not represent a compliance failure.

**Table 15: (Prudential indicator) - Authorised limit and operational boundary for external debt in £m**

Authorised limit and Operational boundary	2022/23 Estimate £m's	2023/24 Estimate £m's	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's
Authorised limit - borrowing	251.4	263.9	255.5	244	245.9
Authorised limit - PFI, leases & right of use assets	4.4	4.4	4.4	4.4	4.3
<b>Authorised Limit - total external debt</b>	<b>255.8</b>	<b>268.3</b>	<b>259.9</b>	<b>248.4</b>	<b>250.2</b>
Operational Boundary - borrowing	227.4	239.9	231.5	220	221.9
Operational Boundary - PFI, leases & right of use assets	2.9	2.9	2.9	2.9	2.8
<b>Operational Boundary - total external debt</b>	<b>230.3</b>	<b>242.8</b>	<b>234.4</b>	<b>222.9</b>	<b>224.7</b>

**Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

**Table 16: (Treasury management indicator) - Maturity structure of borrowing**

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	30%	0%
10 years and within 20 years	30%	0%
20 years and within 30 years	30%	0%
30 years and within 40 years	30%	0%
40 years and within 50 years	30%	0%
50 years and above	30%	0%

## 4. Treasury investments

### Treasury Investment strategy

- 4.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £10.5m and £53.2m million. It is anticipated that the level of investments held in 2023/24 will be lower, as cash balances are used in lieu of external borrowing, in line with the authority's internal borrowing strategy.
- 4.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 4.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however the Council will closely monitor the returns on these investments in light of a heightened interest rate environment.

- 4.4. The CIPFA Code does not permit local Councils to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 4.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 4.6. A commitment was made by full Council in September 2022 to investigate how responsibly the Council invests its cash balances, and to develop a sustainable investment policy that is compatible with the Council's Declaration of a Climate Emergency and the Well Being of Future Generations Act. As noted above, the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investments funds or bodies are multifaceted which makes current evaluation increasingly difficult. The Council will continue through 2023/24 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.
- 4.7. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.8. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

**Table 17: Treasury investment counterparties and limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	Unlimited
Local Councils & other government entities	5 years	£4m	Unlimited
Secured investments *	5 years	£4m	75%



Sector	Time limit	Counterparty limit	Sector limit
Banks (unsecured) *	13 months	£2m (£3m total for the Councils operational bank)	50%
Building societies (unsecured) *	13 months	£2m	50%
Registered providers (e.g. Housing Associations (unsecured) *)	5 years	£2m	50%
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£5m	£10m
Real estate investment trusts	n/a	£5m	£10m
Other Investments	13 months	£2m	£5m

Credit rating	Banks unsecured	Secured investments	Government	Corporates
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a
AAA - AA+	£3m 13 months	£4m 5 years	n/a	£4m 5 years
AA - AA-	£3m 13 months	£4m 5 years	n/a	£4m 5 years
A+ - A	£3m 13 months	£4m 2 years	n/a	£4m 2 years
A-	£3m 13 months	£4m 13 months	n/a	£4m 13 months

This table must be read in conjunction with the notes below

**\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local Councils and multilateral development banks. These investments are not subject to bail-in, and there

is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £3m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 4.9. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.10. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.11. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local Councils. This will cause investment returns to fall but will protect the principal sum invested.
- 4.12. **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £27.1m on 31<sup>st</sup> March 2023 and £26.6 m on 31<sup>st</sup> March 2024. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 4.13. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks

do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 18: Additional investment limits**

	Cash limit
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£4m per country

- 4.14. **Liquidity management:** The Council uses its own cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
- 4.15. The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

### Treasury Management Indicators

- 4.16. The Council measures and manages its exposures to treasury management risks using the following indicators.
- 4.17. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating / score	A-/5.0

- 4.18. **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£5m	£4m	£2m	£5m

- 4.19. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

## 5. Related matters

- 5.1. The CIPFA Code requires the Council to include the following in its treasury management strategy:
- 5.2. **Financial derivatives:** ) Local Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local Councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 5.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 5.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 5.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 5.6. **External Funds:** The Council will from time to time hold fund on behalf of external organisations, companies or individuals. Unless a specific agreement is in place for the investment of the funds held, the Council will normally allocate interest returns based on a calculation of the average returns achieved from an overnight deposit rate with the Debt Management Office over the period held.
- 5.7. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the

Council's treasury management activities, the Section 151 officer or deputy believes this to be the most appropriate status.

- 5.8. **Government Guidance:** Further matters required by the WG Guidance are included in Section 6 below.

### **Financial Implications**

- 5.9. The budget for investment income in 2023/24 is £635k, based on an average investment portfolio of £10m and existing pooled fund investments. Returns are expected to come from pooled fund investments, from shorter term investments with the Government, from secured/unsecured investments, or from Money Market Funds.
- 5.10. The budget for debt interest paid in 2023/24 is £6.7m, based on existing loans and assumed new borrowing at an average rate of 4%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

### **Other Options Considered**

- 5.11. The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local Councils to adopt. The Section 151 officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## 6. Additional requirements of Welsh Government Investment Guidance

- 6.1. The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local Councils that are not integral to this Council's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.
- 6.2. **Contribution:** The Council's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:
- treasury management investments support effective treasury management activities,
  - loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Council, and
  - investment property provides a net financial surplus that is reinvested into local public services and supports economic regeneration.
- 6.3. **Climate change:** The Authority's investment decisions consider long term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED lighting and Solar PV, as well as ultra-low emission vehicles. In addition, the new Abergavenny 3-19 school is being constructed on a net carbon zero basis.
- 6.4. **Specified investments:** The WG Guidance defines specified investments as those:
- denominated in pound sterling,
  - due to be repaid within 12 months of arrangement unless the counterparty is a local Council,
  - not defined as capital expenditure by legislation, and
  - invested with one of:
    - the UK Government,
    - a UK local Council, parish council or community council, or
    - a body or investment scheme of "high credit quality".
- 6.5. The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.
- 6.6. **Loans:** The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local Council.

- 6.7. The Council uses an allowed ‘expected credit loss’ model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Council has appropriate credit control arrangements to recover overdue repayments in place.
- 6.8. **Non-specified investments:** Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table 19; the Council confirms that its current non-specified investments remain within these limits.

**Table 19: Non-specified investment limits**

	Cash limit
Units in pooled funds without credit ratings or rated below [A-]	£10m
Shares in real estate investment trusts	£10m
Shares in local organisations	£5m
Total non-specified investments	£25m

- 6.9. **Non-financial investments:** This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2022, the Council’s investment property portfolio does not currently provide sufficient security for capital investment since its fair value is below its purchase price. The Council is therefore continue to closely review options to secure the capital invested, including:
- Retaining the asset and increasing net returns
  - Disposing of the asset
  - Retaining the asset for future capital gains
  - Maximising return on capital in another way
- 6.10. The Council consider that the scale of its commercial investments including property are proportionate to the resources of the Council since gross income from such investments represent around 1.5% of the overall net revenue budget stream.
- 6.11. **Liquidity:** The Council’s liquidity management has been detailed in the main Treasury report with regard to treasury activities. Before supporting local entities or placing a commercial investment the impact on liquidity is fully addressed, most commonly by taking out loans of an appropriate maturity to ensure funds are available for the life of the activity. £40,000 of



seed funding was placed with SRS Ltd in 2011/12 with the intention of it remaining there for the long term to support that entity.

- 6.12. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will follow its Investment strategy for Commercial assets which ensures that any borrowed capital will be repaid with annual income earned from the investment or that an exit strategy identified during the due diligence will be followed.
- 6.13. **Investment advisers:** The Council has appointed Arlingclose Limited as treasury management advisers with the current contract running until 31<sup>st</sup> March 2025, and has used Alder King as advisers for the last two Commercial investment Property Acquisitions. The quality of these services is controlled by the Finance and Estates teams and also the Investment Committee appointed to oversee the Commercial Investments.
- 6.14. **Borrowing in advance of need:** Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.
- 6.15. **Capacity and skills:** The Section 151 officer is responsible for ensuring that those elected members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to:
- take informed decisions as to whether to enter into a specific investment;
  - assess individual investments in the context of the strategic objectives and risk profile of the local Council; and
  - understand how the quantum of these decisions have changed the overall risk exposure of the local Council.
- 6.16. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advice from its independent advisers regarding investment and borrowing activity.
- 6.17. **Commercial deals:** The investment committee is responsible for ensuring that those tasked with negotiating commercial deals have the appropriate skills and access to information to allow them to operate with regard to the principles of the prudential framework and regulatory regime within which the Council operates.
- 6.18. **Corporate Governance:** The Council has a clear corporate governance framework set out within its constitution, delegation framework and Annual Governance Statement. This ensures that decisions regarding investment are taken at the appropriate level. For example,

the overarching treasury strategy and framework is approved by full Council. Operational decisions, such as day to day cashflow management, including borrowing, are delegated to the Section 151 officer or Deputy.

## 7. Advisors Economic & Interest Rate Forecast – December 2021

### Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

### Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>Official Bank Rate</b>													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
<b>Arlingclose Central Case</b>	<b>3.50</b>	<b>4.00</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>	<b>4.00</b>	<b>3.75</b>	<b>3.50</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
<b>Arlingclose Central Case</b>	<b>3.00</b>	<b>4.40</b>	<b>4.40</b>	<b>4.40</b>	<b>4.35</b>	<b>4.30</b>	<b>4.25</b>	<b>4.00</b>	<b>3.75</b>	<b>3.50</b>	<b>3.40</b>	<b>3.40</b>	<b>3.40</b>
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Arlingclose Central Case</b>	<b>3.43</b>	<b>3.60</b>	<b>3.80</b>	<b>3.80</b>	<b>3.80</b>	<b>3.70</b>	<b>3.60</b>	<b>3.50</b>	<b>3.40</b>	<b>3.30</b>	<b>3.30</b>	<b>3.30</b>	<b>3.30</b>
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Arlingclose Central Case</b>	<b>3.47</b>	<b>3.50</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Arlingclose Central Case</b>	<b>3.86</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Arlingclose Central Case</b>	<b>3.46</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>	<b>3.60</b>
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

## 8. MRP Policy Statement 2023/24

8.1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to Welsh Government's Guidance on Minimum Revenue Provision (the WG Guidance) most recently issued in 2018.

- 8.2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 8.3. The WG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.
- 8.4. MRP options recommended in the Guidance include:
- Option 1: Regulatory Method
  - Option 2: CFR Method
  - Option 3: Asset Life Method – based on equal instalments or using an annuity method
  - Option 4: Depreciation Method

*Note: This does not preclude other prudent methods.*

- 8.5. The following statement only incorporates options recommended in the Guidance.

#### **MRP in 2023/24:**

- 8.6. ***MRP on Supported Borrowing funded Expenditure:*** The Council's policy is to apply Option 3, the Asset life method in respect of supported capital expenditure funded from borrowing. The charge will be based on 2% per annum, equivalent to equal instalments over a 50 year life.
- 8.7. ***MRP on Unsupported Borrowing funded Expenditure:*** The Council's policy is to apply Option 3, the Asset life method in respect of unsupported capital expenditure funded from borrowing. The MRP is calculated on an annuity basis within the asset life method, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. These lives may be reduced if it is prudent to do so because the resultant income stream or useful life to the Council is shorter.
- 8.8. ***MRP in respect of leases and PFI:*** For assets acquired by leases or Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 8.9. For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council may make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying

MRP until the year after the assets become operational. While this is not one of the options in the WG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.

8.10. In all cases Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25. The 2023/24 budget proposals reflect these outlined positions.

## 9. Glossary of treasury terms

<b>Authorised Limit</b>	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh Councils) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Council and needs to be consistent with the Council's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.  (see also <i>Operational Boundary</i> , below)
<b>Balances and Reserves</b>	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
<b>Bail-in</b>	Refers to the process which the banking regulatory Councils will use to restructure a financial institution which is failing or likely to fail. Unsecured creditors of and investors in that financial institution will participate in its restructure who will, as a consequence, incur a non-recoverable loss (commonly referred to as a 'haircut') on their obligation/investment. Local Council investments with banks and building societies such as term deposits, certificates of deposit, call accounts and non-collateralised bonds are unsecured investments and are therefore vulnerable to bail-in.
<b>Bank Rate</b>	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
<b>Bond</b>	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
<b>Capital Expenditure</b>	Expenditure on the acquisition, creation or enhancement of capital assets
<b>Capital Financing Requirement (CFR)</b>	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local Council that has not been financed.
<b>Capital growth</b>	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)

<b>Capital receipts</b>	Money obtained on the sale of a capital asset.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>Constant Net Asset Value (CNAV)</b>	Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US\$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder.
<b>Collective Investment Schemes</b>	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
<b>Corporate Bonds</b>	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
<b>Corporate Bond Funds</b>	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
<b>CPI</b> <i>Also see RPI</i>	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
<b>Credit Default Swap (CDS)</b>	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
<b>Credit Rating</b>	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
<b>Cost of carry</b>	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
<b>Credit default swaps</b>	Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default.
<b>Diversification / diversified exposure</b>	The spreading of investments among different types of assets or between markets in order to reduce risk.
<b>Derivatives</b>	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.

<b>ECB</b>	European Central Bank
<b>Federal Reserve</b>	The US central bank. (Often referred to as “the Fed”)
<b>Floating Rate Notes</b>	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting
<b>GDP</b>	Gross domestic product - also termed as “growth” in the economy. The value of the national aggregate production of goods and services in the economy.
<b>General Fund</b>	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the HRA).
<b>Gilts (UK Govt)</b>	Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’: being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
<b>Housing Revenue Account (HRA)</b>	A ring-fenced account of all housing income and expenditure, required by statute
<b>IFRS</b>	International Financial Reporting Standards
<b>Income Distribution</b>	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a ‘dividend’
<b>Investments</b> - Secured - unsecured	Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default  Unsecured investments do not have underlying collateral. Such investments made by local Councils with banks and building societies are at risk of bail-in should the regulator determine that the bank is failing or likely to fail.
<b>Liability Benchmark</b>	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
<b>LOBOs</b>	LOBO stands for ‘Lender’s Option Borrower’s Option’. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at predetermined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the ‘option’ to either accept the new imposed fixed rate or repay the loan facility.
<b>LVNAV (Low Volatility Net Asset Value)</b>	From 2019 Money Market Funds will have to operate under a variable Net Value Structure with minimal volatility (fluctuations around £1 limited to between 99.8p to 100.2p)
<b>Maturity</b>	The date when an investment or borrowing is repaid.

<b>Maturity profile</b>	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.
<b>MiFID II</b>	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
<b>Money Market Funds (MMF)</b>	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
<b>Minimum Revenue Provision</b>	An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
<b>Non-Specified Investments</b>	Term used in the Communities and Local Government Guidance and Welsh Assembly Guidance for Local Council Investments. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
<b>Net Asset Value (NAV)</b>	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
<b>Operational Boundary</b>	This is the limit set by the Council as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Council's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
<b>Permitted Investments</b>	Term used by Scottish Councils as those the Council has formally approved for use.
<b>Pooled funds</b>	See Collective Investment Schemes (above)
<b>Premiums and Discounts</b>	<p>In the context of local Council borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest.</p> <p>PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.</p> <p>*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid</p>



	prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.
<b>Private Finance Initiative (PFI)</b>	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public Council.
<b>Prudential Code</b>	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local Council capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
<b>Prudential Indicators</b>	Indicators determined by the local Council to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between Councils.
<b>PWLB</b>	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local Councils and other prescribed bodies, and to collect the repayments.
<b>Quantitative Easing</b>	In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It "does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions - that could be insurance companies, pension funds, banks or non-financial firms - and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy". Source: Bank of England
<b>Registered Provider of Social Housing</b>	Formerly known as Housing Association
<b>Revenue Expenditure</b>	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges

<b>RPI</b>	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.
<b>SORP</b>	Statement of Recommended Practice for Accounting (Code of Practice on Local Council Accounting in the United Kingdom).
<b>Specified Investments</b>	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Council Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local Councils and bodies that have a high credit rating.
<b>Supported Borrowing</b>	Borrowing for which the costs are supported by the government or third party.
<b>Supranational Bonds</b>	Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are those issued by the European Investment Bank, the International Bank for Reconstruction and Development.
<b>Treasury Management Code</b>	CIPFA's Code of Practice for Treasury Management in the Public Services. The current Code is the edition released in autumn 2011.
<b>Temporary Borrowing</b>	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
<b>Term Deposits</b>	Deposits of cash with terms attached relating to maturity and rate of return (interest)
<b>Unsupported Borrowing</b>	Borrowing which is self-financed by the local Council. This is also sometimes referred to as Prudential Borrowing.
<b>Usable Reserves</b>	Resources available to finance future revenue and capital expenditure
<b>Variable Net Asset Value (VNAV)</b>	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.
<b>Working Capital</b>	Timing differences between income/expenditure and receipts/payments
<b>Yield</b>	The measure of the return on an investment instrument

## **Evaluating the Potential Impact of the 2023/24 Budget Proposals**

### **Introduction**

We are continually working to understand the Council's financial circumstances and challenges and plan for this in our Medium-Term Financial Plan (MTFP). This has identified areas of significant and growing concern and risk, especially in light of the wider challenging economic climate which is driving inflation and an overarching cost of living crisis. Some services continue to face significant demand led pressures, some continue to operate at below pre-pandemic levels, whilst other services had a level of significant reliance on Welsh Government Hardship funding which has now ended.

The Council needs to make savings and find additional money to meet demands and pressures on services, for example meeting the needs of children who are looked after. In the current financial year, 2022/23, the Council incorporated service pressures of some £10.1m alongside the creation of specific earmarked reserves of £4m. After several years of delivering significant savings from the budget, the means of achieving further reductions becomes increasingly more challenging.

As well as the direct effects of the Covid pandemic, the wider and longer lasting impact on services needs to be continually planned for, such as on homelessness, Children's Services and Adult Social Care, along with wider economic and social factors including increasing inflation, increasing energy costs and the rising cost of living.

The provisional budget settlement from Welsh Government for 2023/24 shows Monmouthshire Council is due to receive £122.490m in core funding, an increase of 9.3%. The final settlement is due in February 2023. The authority continues to receive the lowest funding per head of population of any local authority in Wales. In 2023/24 our draft funding settlement is £1,298 per head of population. This means that a higher proportion of the income we need to generate to provide services needs to come from Council Tax, charges for services and commercial investments. The Council has worked hard to make sure this money goes where it matters.

This settlement goes some way to help respond to the pressure on Council finances and the choices it makes when setting the budget for next year. However, existing circumstances are creating unprecedented challenges for the Council and a budget shortfall of £26.6m has been modelled prior to any intervention for financial year 2023/24. This shortfall will continue to be reviewed based on the latest modelling and updates on assumptions. The scale of the financial challenge is considerable. Whilst the Council is doing all that it can to protect services, the need to reduce costs on such a significant scale will inevitably affect the delivery of services and the shape of the workforce as a significant percentage of the council's budget is made up of employee costs.

We recognise that when we do have to increase charges, put-up Council Tax or change services it can have a detrimental impact on those who use our services, including people who are vulnerable and rely on these services, as well as those who can least afford it. This does not just mean those who are unemployed; many people experience in-work poverty while others are impacted by disability or other protected characteristics that affect their opportunities.

Whenever we introduce changes to policy or increase charges, we evaluate the impact of these upon different groups. Where a budget proposal could alter a service, or the way it is delivered in 2023/24 an Integrated Impact Assessment has been completed. This assesses its potential impact on the national well-being goals and the ways of working enshrined in the Well-being of Future Generations Act and also the people and groups who possess the

protected characteristics specified as part of our duty under the Equality Act 2010. We also look at the potential impact on those in poverty and assess the impact on those experiencing socio-economic disadvantage, in line with the socio-economic duty in Wales.

This document summarises the headline message from these assessments. The table below summarises some of these main impacts while an overview of the messages from these is included as appendix 1. The summary does not highlight every single issue but reveals some of the key impacts of budget proposals and provides scope for continual learning and improvement as proposals are developed.

The document has also drawn on an analysis of the cumulative financial impact of the budget proposals on households with different income levels and groups with protected characteristics as defined by the Equality Act 2010.

Open and robust scrutiny and challenge is essential as the proposals are shaped in line with the priorities in our community and corporate plan and the issues that matter most to our communities. This analysis has been updated following the public engagement exercise and scrutiny undertaken in January and February 2023. Face-to-face and online consultation events have been held as well as an online survey. Full details of the engagement activities and responses are in the appended reports.

Overview of 2023/24 Budget Saving Proposals with more significant identified impacts

	Age	Disability	Gender Re-assignment	Marriage or civil partnership	Pregnancy and Maternity	Race	Religion or Belief	Sex	Sexual Orientation	Welsh Language	Socio-Economic	Safeguarding	Sustainable Development	National Well-being goals
SCH 3 - Placement and practice change														
SCH 4 - Children's Service redesign/staffing														
SCH 5 – Staffing reductions to Adults Services														
SCH 6 - Falls and Assistive Technology														
SCH 7 - Learning disabilities - Staffing restructure and team budget saving														
SCH 8 - Adult services - Direct Payment saving														
SCH 9 - Practice and process change adults social care														
SCH 10 – Adults care hours														
SCH 13 - Monmouthshire & Torfaen YOS														
CYP 7 & 8 – Additional Learning Needs														
CYP 9 - Before School Clubs increased charges														
CYP 15 – Education service staff savings														
CYP 12 - Gwent Music service reduction														
CYP 13 – Individual School Budget core reduction														



**Key**

Red – negative impact on this category that is difficult to overcome with mitigating actions

Amber – some potential negative impact which is lower risk or can be managed with mitigation

Green – impact is largely positive

White – no significant impact has been identified at this stage

Overview of 2023/24 Budget Pressure Proposals with more significant identified impacts

	Age	Disability	Gender Re-assignment	Marriage or civil partnership	Pregnancy and Maternity	Race	Religion or Belief	Sex	Sexual Orientation	Welsh Language	Socio-Economic	Safeguarding	Sustainable Development	National Well-being goals
SCHPM 1 - Fee uplift on Social Care providers														
SCHPM 3 - Supported living project														
SCHPM 5 – Children & Adults social services recurrent 2022/23 pressures														
CYP 1&6 – Additional Learning Needs pressure and transport														
CYP 4 – Investment in Special Needs Resource Base														
C&PPRES 01 – Passenger Transport pressures														
C&PPRES 02 – Homelessness service pressure														
C&PPRES 03 – Investment in decarbonisation team														
CEOPM1 – Investment in community safety														
RES 3 – Commercial Investments – Service pressure														
DeCarb 1&2 – Energy costs														



**Key**

Red – negative impact on this category that is difficult to overcome with mitigating actions

Amber – some potential negative impact which is lower risk or can be managed with mitigation

Green – impact is largely positive

White – no significant impact has been identified at this stage

## **Our Community and Corporate Plan and strategic planning**

Following the elections in May 2022 the new administration has been developing a new Community and Corporate Plan that sets the direction for the council and county of Monmouthshire, articulating the authority's purpose, principles and priorities alongside some of the steps we will take to deliver these. The purpose and objectives have been endorsed by Cabinet and a more detailed plan is being developed to be presented to Council.

The document establishes a clear purpose to become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life and sets the goals for Monmouthshire to be a:

- Fair place to live where the effects of inequality and poverty have been reduced;
- Green place to live and work with reduced carbon emissions, making a positive contribution to addressing the climate and nature emergency;
- Thriving and ambitious place, full of hope and enterprise;
- Safe place to live where people have a home where they feel secure in;
- Connected place where people feel part of a community, are valued and connected to others;
- Learning place where everybody has the opportunity to reach their potential

The plan has been produced against the backdrop of economic uncertainty with the council facing rising energy prices, inflation and escalating borrowing costs alongside increased demands in areas such as children's services, adult social care, homelessness, additional learning needs and home to school transport. These challenges are on a scale we have not seen before.

We continue to develop our Medium-Term Financial Plan to support us, as far as possible, to continue to deliver the aims and support our longer-term planning. We recognise this is not without challenges and uncertainty. In the context of the financial context set out in the plan, setting a balanced budget for 2023/24 is a significant challenge and involves difficult decisions to allow the council to focus our finite resources to align and deliver the aims and aspirations set out in the Corporate and Community Plan, and within the confines of available funding. The work required needs to involve members and communities as early in the process as possible.

The budget proposals are a broad mix of service adjustments and changes to policy. The proposals contain a number of savings and increases in fees and charges as well as pressures which services need to accommodate so they can sustain themselves into the future. Our strategy gives us the framework to focus on the big challenges but with the unprecedented financial challenge we face it is inevitable, given the range of services the council provides, that there will be an impact on our residents, communities and our own workforce. We also can't lose sight of the cumulative impact of many individual changes, which can also add up to a significant impact on some people within our communities and the need to ensure that there is some degree of mitigation against this for the most vulnerable.

## The Legal Context

The Equality Act 2010 protects people from discrimination in the workplace and wider society. It provides a legal framework to protect the rights of individuals and advance equality of opportunity for all.

The Council has a requirement under the Act to meet both general and specific duties. The general duties are that in exercising its functions the Council must have due regard to:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by the Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not;
- foster good relations between people who share a protected characteristic and those who do not;

The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

The protected characteristics are: Age; Sex; Gender re-assignment; Pregnancy and maternity; Sexual orientation; Race; Religion or belief; Marriage and civil partnership.

The Well-being of Future Generations Act creates a legal framework for better decision-making by public bodies in Wales by ensuring that we take account of the long-term, help to prevent problems occurring or getting worse, take an integrated and collaborative approach, and considers and involves people of all ages. This supports existing commitments such as the Welsh language, equalities and the United Nations Convention on the Rights of the Child.

Together, the seven well-being goals and five ways of working provided by the Act are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The socio-economic duty came into effect in Wales on 31st March 2021 placing a duty on councils to consider the need to reduce the inequalities that result from socio-economic disadvantage.

## **Approach / Methodology**

This paper has been prepared alongside the individual budget proposals for 2023-24 (sometimes referred to as 'mandates'), which each have individual impact assessments, to help assess the overall potential impact of the budget on different people within our communities.

The approach taken in this assessment has been developed in line with the socio-economic duty, to evaluate the potential impact of the 2023-24 budget proposals on those experiencing socio-economic disadvantage and consider how this might help reduce inequalities. We recognise this approach will need to continue to be developed as we further embed the duty in our processes and practice.

As part of the impact assessment, we have established the cumulative financial impact of the budget. It also brings together the most significant issues identified by the Integrated Impact Assessments completed for each of the proposals to understand whether any groups will experience a detrimental position as a result of the cumulative impact of separate proposals.

When any change is looked at in isolation it may not seem significant but the cumulative impact of multiple changes can sometimes mount up, placing pressures on some groups in society.

Monmouthshire has adopted the Joseph Rowntree Foundation definition to define poverty 'When a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation).' This is supplemented by one of the statistical ways of assessing poverty in the UK; the proportion of households where the income is below 60% of the median income.

This assessment identifies areas where there is a risk that changes resulting from individual budget proposals may have a significantly greater impact on particular groups when looked at together with other proposals.

This enables the authority to identify where we may need to mitigate against negative impacts on certain groups of people. Mitigating actions could include re-shaping services to target them more efficiently and to reduce the potential of disproportionate impacts on groups with protected characteristics as defined by the Equality Act 2010.

As individual budget proposals are developed any further mitigating actions will need to be considered. The assessment in appendix one provides a simple overview where proposals have been identified as having a positive or negative impact on those with protected characteristics, the socio-economic duty, safeguarding and the ways of working and national well-being goals.

Almost any change to a council service has some socio-economic impact. This is because of the nature of our responsibilities and the extent to which some groups, communities and vulnerable people rely on public services. Our aim is to properly understand this impact so that we can identify appropriate mitigations wherever possible and minimise the impact on people in greatest need.

## **The Impact and Mitigation**

### Disability

The definition of disability is when a person has a physical or mental impairment which has a long-term adverse effect on that person's ability to carry out day to day activities. The 2021 Census shows that 19.3% of people who live within the county are classed as disabled under the Equality Act. This is below the Welsh average of 21.1%.

The percentage of people who are disabled in Monmouthshire whose day-to-day activities are limited a lot accounted for 8.2% of Monmouthshire's population, with those whose day-to-day activities are limited a little accounted for 11.1%.

Alongside those who are classed as disabled under the Equality Act, the 2021 Census data shows that 8.2% of people in the county have a long term physical or mental health condition whose day-to-day activities are not limited and therefore not disabled under the Equality Act.

The savings and staffing restructure in the Learning Disabilities (SCH7) Service aims to ensure that appropriate level of staff support is available and that the principle of relevant legislation is applied to each and every care package for people with learning disabilities. While also scoping potential eligibility of Continuous Health Care (CHC) packages.

There will be a 10% reduction in all direct payments (SCH8). While not all direct payment recipients currently use all their allocated money to fund their care, a small proportion some recipients may use all their money and the reduction could result in them not having enough money to pay for their care package. The needs of these individuals will be re-assessed on a case-by-case basis by professionals and, where necessary, their direct payments will be increased to ensure that all care costs can be covered and the individuals will not be disadvantaged.

Process and Practice Change for people with high support needs in adults social care (SCH 9) is focused on tightening or amending practice. This may result in some changes to the provision of care, reduced choice and possible increase in charges for some individuals' care. There is a potential for restricted choice of equipment for residents with specialist care and support needs

Supporting pressures in Adult Social Care (SCHPM5b) and the supported housing project (SCHPM3) will allow those experiencing physical and learning disabilities as well as ill-health, both mental and physical, to continue living independently, access vital services, increase their quality of life and maintain close relationships with family and friends. The proposal to expand the audience of Gilwern outdoor activity centre also presents opportunities to create a unique offer for families with children with disabilities or complex needs and also to special schools who participate in outdoor activities.

There are planned increases in fees for social care services, both residential and non-residential. There is currently a cap on the weekly fees that can be charged for non-residential i.e. domiciliary care. The fees are means tested and there are caps on charges that limit the impact on those on the lowest incomes.

There are also increases in charges for community meals which will impact on Disabled People receiving them.

Reductions in Individual School Budgets (CYP13) may have a negative effect on learners with additional learning needs or learning disabilities. The support provided to these learners will likely decrease as a result of any reduced staffing and the gap between learners with learning

difficulties and those without may increase. The proposal to increase the budget for ALN provision (CYP1) would allow children currently identified as requiring support to continue their current placement.

## Age

Data from Census 2021 shows Monmouthshire has a relatively older population, with those 65 years and older accounting for just over 25% of the total population of the county. This is slightly higher than the Wales average of 21.3%. These age groups also saw the biggest increase in the 2021 census, with the number of people 65 years and older increasing by 26% from 19,043 to 24,000, the highest percentage increase in Wales. Those aged 70-74 saw the largest increase of 44%, followed by the 90+ group which increased by 34%.

Alongside these large increases in older age groups were decreases in the percentage of young people in the county, with the number of children aged 0-14 decreasing by 9.3% to 13,800, significantly more than the Wales average which saw a 1% decrease. There was also a small decrease in the working age population by 3.6% to 55,200. These figures clearly display the shift in Monmouthshire's age demographic to an older, ageing population.

## Older People

People in later life may be more likely to use some council services as they are more likely to acquire a disability and so may be more vulnerable than the general population to changes in those services. This impact will be worsened for those on low incomes. Below is a summary of the main proposals that may impact on some older people.

Older people particularly those with care and support needs such as frail, elderly people, people with physical and mental disabilities and people with chronic health needs and their carers are more likely to be negatively impacted by proposed savings in adult social care. This includes staffing reductions in Adults social care (SCH5) for which likely impacts include a decrease in the number of statutory assessments of needs carried out and reduced thresholds for access to care and support. Also, Process and Practice Change for people with high support needs in adults social care (SCH 9) is focused on tightening or amending practice. This may result in some changes to the provision of care, reduced choice and possible increase in charges for some individuals' care. There is a potential for restricted choice of equipment for residents with specialist care and support needs.

The introduction of a falls prevention and early intervention service (SCH6) will particularly support elderly people in the county. This focus on early intervention and prevention aims to reduce the number of people being placed in nursing/residential care from home or hospital.

Charges for domiciliary care are proposed to increase from £15.10 to £16.62 per hour. These are capped at £100 per week in Wales. However, as these services are means tested only those who are assessed as being able to afford this will pay. There will also be increases in fees for residential care. This will impact on proportionately more older people, these are also means tested and so the impact on those on the lowest incomes will be mitigated.

There is an increase in charges for community meals from £4.50 to £4.64 per meal which will impact on older people who receive these meals.

Increasing the cost of the careline service by 50 pence per week to £5.00 (C&P12) may negatively affect older users who use the service. Monmouthshire's charges for the Careline service are already some of the highest in Wales; increasing the prices further may result in some users no longer being able to afford the service and may prevent some from accessing the service altogether.

These savings and increased charges for social care and other support may also have a negative impact on Disabled People.

Reducing staffing levels at community hubs and the contact centre (CEO1-,8,10, 11,15) will reduce service provision that is more likely to be used by older residents who are more likely to use face-to-face and telephone services than digital channels. While the service is reduced it will be maintained ensuring a level of service provision and access is provided.

## Children and Young People

Continued economic and social pressures on families are likely to put increased pressure on some families.

Reducing the Individual School Budget by 2.8% (CYP13) is likely to result in staff being made redundant. This will likely include mostly non-teaching staff but could also include some teachers where statutory ratios can be met. A reduction in staff could have a negative effect on standards for children and young peoples' learning in our schools and the ability of schools to deliver the new curriculum and subject choice.

Increasing the cost of before school clubs for learners not eligible for free school meals (CYP9) may mean that some families are no longer able to afford the service and some learners may no longer attend as a result.

Reverting to statutory free school transport distance (PTU 2) will result in more learners losing access to free school transport and having to make their own travel arrangements.

Efficiencies in Monmouthshire and Torfaen Youth Offending Service will help ensure appropriate local youth justice services (SCH13). With the related savings it is not known what impact the current cost of living challenge will have upon the communities we support and in turn the pressure this will have upon service provision and as a result of the proposed restructuring the service may potentially be unable to meet demand and responsibilities for young people.

Children's services support circa 1,000 children at any one time. The majority of these children will have experienced a range of adversity including poverty, housing insecurity, parental substance misuse, parental mental ill-health or domestic abuse. Supporting budget pressures in Children Services (SCHMPM5a) will enable Children's Services provide children and families with vital services helping families achieve positive outcomes and supporting children to remain living safely with family and community wherever possible.

Further to this, Placement and Practice changes in Children's Social Services (SCH3) aim to place financial planning at the core of children's care planning as a driver which supports social work values and best interests by ensuring that children's longer-term outcomes are properly considered and planned for. This will aim to make savings by becoming more efficient and developing provision to meet children and young peoples' needs in Monmouthshire.

Children's Social Care Service re-design/staffing changes (SCH4) will develop and expand the Family Time service, a service area which offers single issue supervision to children and a wrap round family supervision in order to keep families together whilst in crisis, investigation or assessment processes. It also seeks to review current structures within Children Services and meet the responsibility for cost avoidance and cost savings. Service areas that have seen demand increasing include: Child Protection, Safeguarding, court and the needs of the

Children Looked After, these are significant and are part of the Council's statutory responsibility. Where a reduction in capacity is proposed the loss of any staffing resource will put pressure on other areas and is likely to increase challenges within the remain workforce and the delivery of services to children and young people.

## Sex

A number of proposals include reducing staffing, through vacant posts or possible redundancies. Around 75% of the workforce in local government are female so any redundancy could impact disproportionately on females. It will be important to ensure that the council's Protection of Employment Policy is adhered to all times.

Females tend to live longer than males so are proportionately more likely to be affected by changes in services that have a disproportionate impact on older people. Women are more likely to be in low paid jobs than men and so a higher proportion are likely to experience the effects of price increases on services.

Women are more likely to be victims of domestic violence so will benefit from the proposed investment in community safety and increased capacity to support victims and survivors of domestic sexual violence.

## Other protected characteristics

We continue to look at national information and relevant studies to improve our knowledge and understanding of how changes can adversely impact on these groups.

Data from the Census 2021 shows 96.9% of Monmouthshire residents identified their ethnic group within the White category. Within the White ethnic group, 94.2% identified their ethnic group as "English, Welsh, Scottish, Northern Irish or British". The next ethnic group was Asian, Asian British or Asian Welsh accounting for 1.3% (1,185) of Monmouthshire's population, while people identifying as mixed or multiple ethnic groups make up 1.2% (1,115) of Monmouthshire's population.

A decreasing number of Monmouthshire residents described themselves as Christian, from 62.5% (57,101) in 2011 to 48.7% (45,250) in 2021, although Christian remains the most common response. 43.4% (40,311) of residents reported no religion, an increase from 28.5% (26,018) in 2011. 0.6% (519) of people in Monmouthshire reported 'any other religion'; 0.5% (435) Muslim; 0.4% (339) Buddhist; 0.2% (204) Hindu; 0.1% (102) Sikh and 0.1% (79) Jewish.

The census 2021 also shows 43.2% (40,155) of people in Monmouthshire are married or in a civil partnership, of which 0.3% (322) were in same-sex couples. 24.3% (22,635) of people had never married or never registered a civil partnership. 8.6% (7,952) of people were divorced or their civil partnership had been dissolved; 1.7% (1,540) were separated; and 6.4% (5,958) were widowed or the surviving partner of a civil partnership. (The question did not apply to the remaining 15.8% of people)

There has been limited impact identified on some of the other protected characteristics: Marriage and civil partnership, pregnancy and maternity, Sex, race, gender reassignment, sexual orientation, religion and belief. Some of the impacts identified include:

Investment proposed in tackling anti-social behaviour and issues, such as substance misuse, sexual violence, and exploitation (CEOPM1); will support the wellbeing of our communities &



citizens. The community safety & Violence Against Women, Domestic Abuse & Sexual Violence (VAWDASV) agendas seek to protect and support victims and survivors of crime, abuse and those deemed most vulnerable in our society.

Supporting pressures in Adult and Children's social services (SCHMPM5a&b) will help support the well-being of residents who require these services. Although savings proposed will impact the provision of some social care services on which people rely.

The reason these protected characteristics may have limited reference include: because these groups are not affected by the proposals or our services provide inclusive services to all residents or because we do not have information on the protected characteristics of all service users. The impact assessment has been made available as part of the consultation process on the budget and we welcomed any views on the impacts of our proposals on these protected groups.

## Socio-economic Impact

Any increase in fees and charges for services will have a higher impact on households on the lowest incomes. Data from the 2021 census shows households were considered to be deprived if they met one or more of the following four dimensions of deprivation: employment; education; health and disability; and housing. While Monmouthshire compares favourably against other Welsh local authorities with the highest percentage of households not deprived in any dimensions (51.7%). However, when looking at smaller areas, there are marked variations in deprivation between communities within Monmouthshire, for example, the percentage of households not deprived in any dimensions varies from 65.4% in The Elms to 35.4% in parts of Overmonnow. In many ways, living in an area of relative affluence and wealth whilst struggling to make ends meet can make that experience even harder and more isolating. This is Monmouthshire's particular challenge and one that we are determined to understand and address

For families on lower incomes the rising cost of living, including - rising energy prices, the increased cost of fuel, rising food prices and increasing inflation - risks adding additional financial pressures to households. All residents will be impacted upon by inflation which will result in higher prices. The rate of inflation was 10.1% in January 2023; recent monthly rates are the highest for over 40 years.<sup>1</sup>

The extent to which higher prices are offset by wage rises will vary by household and is not included within this assessment. For context the rate of annual pay growth in average total pay (including bonuses) was 5.9% and growth in regular pay (excluding bonuses) was 6.7% among employees in October to December 2022.<sup>2</sup> In real terms (adjusted for inflation), in October to December 2022, total pay fell by 3.1% and regular pay by 2.5% on the year<sup>3</sup>. State Pensions and benefits increased by 3.1% for 2022/23, in line with the Consumer Price Index (CPI) for the year to September 2021<sup>4</sup>. For 2023/24 rates will increase by 10.1% in line with the CPI for the year to September 2022.<sup>5</sup> Rising prices will still have a significant effect on claimants.

This also follows financial challenges experienced through the pandemic. Council services are receiving increasing demands and/or complexity of support requirements from residents in the county, such as on homelessness, Children's Services and Adult Social Care. With wider economic and social factors including increasing inflation and the rising cost of living this could mean people, particularly those on lower incomes, needing additional support, including from services already experiencing increases in demand.

Households on variable rate mortgages or taking out new mortgages will have been impacted by the increases in the Bank of England base rate which will have pushed up borrowing costs. Household with unsecured loans and credit card debt will also be adversely affected by this change. There will be benefits to savers which will include those of pensionable age who tend to make up a higher proportion of savers.

We have undertaken extensive data analysis and qualitative research furthering understanding of inequality at a local level and how it affects people's lives. Close working with partners is being undertaken to track data in real time to help understand the emerging situation and act accordingly.

## Mitigation

Some of the mitigation the Council has in place include:

Charges for social services are linked to peoples' ability to pay and service users will be required to undergo a means tested assessment of their financial ability to meet a reasonable charge calculated for these services.

The Council Tax reduction scheme offers some mitigation and is calculated based on individual circumstances, council tax is means tested and those in receipt of universal credit, pension credits, job-seekers allowance and other benefits are able to apply for a reduction. Single person households are eligible for a 25% reduction on Council Tax.

A Monmouthshire discretionary cost of living support scheme has been developed to distribute £498,551 of funding to support those most impacted by the cost-of-living crisis. The scheme has been designed following engagement with national and local partners, and stakeholders and comprises of direct payments and targeted resilience support in the county. This is in addition to the mandatory Welsh Government scheme, which provided funding to local authorities to provide a one-off £150 cost of-living payment to all households in properties in Council Tax bands A to D, and to households in all Council Tax bands who receive support through our Council Tax Reduction Scheme.

The Council is also delivering a range of activities to support residents including the Money Matters campaign. The Council has teamed up with Mind Monmouthshire and Citizens Advice Monmouthshire to set up cost of living support drop-in sessions at schools and leisure centres across the county. These sessions are available to all and offer advice on ensuring people are getting all the money and benefits they are entitled to, making money go further and guidance on managing energy bills. There will also be help and advice on getting back into work or more secure employment as well as emotional and wellbeing support

There will be a range of additional mitigations that are not fully modelled here, further detail will be contained in individual Integrated Impact Assessments completed on proposals.

We provide and help fund a wide range of services in communities to ensure support for communities. These include: community well-being networks to help people to maintain their independence and prevent people becoming dependent on statutory health and social care; Community Hubs that provide advice and host community learning opportunities and the skills at work programme which aims to upskill those in lower paid jobs to increase their career prospects.

## The Cumulative Financial Impact

The impact below has been modelled on some of the planned increases in fees and charges. The proposed Council Tax increase of 5.95% will result in an additional monthly cost of £7.32 on a Band D property.<sup>6</sup> This will impact on all groups, while this modelling has been based on a Band D property those with higher incomes typically live in larger properties and therefore will pay higher Council Tax. However, it is acknowledged that some people may have a large house and low income. This can often be true of older people. Mitigations such as the Council Tax reduction scheme are in place.

To model the cumulative financial impact, we have used five different household types and identified varying annual household incomes for each. The increases in fees and charges modelled to develop this assessment along with further information on the methodology used is shown in Appendix 2.

Household	Income	Total increase after mitigation	Percentage of income
<b>Household 1-</b> 2 Adults, 2 Dependent Children, 1 Older Person	£10,000	<b>£764.51</b>	not applicable
	£15,000		5.1%
	£21,500	<b>£959.51</b>	4.5%
	£40,000		2.4%
	£64,000		1.5%
<b>Household 2 –</b> 2 Adults, 2 Dependent Children	£10,000	<b>£174.47</b>	1.7%
	£15,000		1.2%
	£21,500	<b>£369.47</b>	1.7%
	£40,000		0.9%
	£64,000		0.6%
<b>Household 3 –</b> 1 Adult, 2 Dependent Children	£10,000	<b>£148.50</b>	1.5%
	£15,000		1%
	£21,500	<b>£343.50</b>	1.6%
	£40,000		0.9%
	£64,000		0.5%
<b>Household 4 –</b> 2 Adults	£10,000	<b>£142.47</b>	1.4%
	£15,000		0.9%
	£21,500		0.7%
	£40,000		0.4%
	£64,000		0.2%
<b>Household 5 –</b> 1 Older Person	£10,000	<b>£705.36</b>	7.1%
	£15,000		4.7%
	£21,500		3.3%
	£40,000		1.8%
	£64,000		1.1%

If a household is on a low income, they may be eligible for the Council Tax Reduction Scheme which would reduce their Council Tax bill.<sup>7</sup> This is calculated on individual circumstances and the entitlement varies, therefore this has not been modelled as a specific mitigation in the table meaning that many people on lower incomes will not see increases at the levels seen in the

table above. It is unlikely that someone on a low income would be paying for social care. As incomes rise it would be expected that many households will be living in more expensive properties and would be paying higher rates of council tax.

#### **Household 1 - 2 Adults, 2 Dependent Children, 1 Older Person**

For this household composition fees and charges could increase by £754.51 for those earning £10,000 or £15,000, it is unlikely that a three-person household, with someone of pensionable age, would have an income of £10,000, or £959.51 for those earning £21,500 and above, based on modelled assumptions. Based on an income of £21,500, this would equate to 4.5% of the total income. For households with an income of £40,000 and £64,000 this would be 2.4% and 1.5% of the total income, respectively. The largest increases would be the increased cost of before school clubs (Those eligible for free school meals on lower household incomes will not pay for these clubs which has been factored into the model), and the increase in Council Tax. Social care charges have also been considered for the older person, modelling a £560.04 annual increase based on 5 hours of care a week and the provision of daily community meals.

#### **Household 2 - 2 Adults, 2 Dependent Children**

Based on this household composition, fees and charges have been modelled to increase by £174.47 for those earning £10,000-£15,000 or £369.47 for those earning £21,500 and above. This would constitute 1.2% of their income for a household income of £15,000. For a household income of £21,500 it would be 1.7%. The percentage of income would be 0.9% and 0.6% for households with incomes of £40,000 and £64,000, respectively. Alongside the increases noted above for a household with children, charges have been modelled for swimming lessons (+£24 per annum), and a garden waste bag (+£22 per annum).

#### **Household 3 - 1 Adult, 2 Dependent Children**

Although the income for this household is likely to be less than that of the 2 Adult, 2 Children household, the increase in fees and charges on the household are very similar, with a modelled £148.50 increase in annual costs for those on £10-15,000 and £343.50 for those on £21,500 and over. For those with a household income of £10,000, this would be 1.5% of total income and for £15,000 it would be 1%. For households with an income of £21,500 this would be 1.6% of the total, while for higher incomes, £40,000 would be 0.9% and £64,000 would be 0.5%. This household qualifies for single person discount on Council Tax, and so the increase is 25% lower than the previous two example households.

#### **Household 4 - 2 Adults**

For this household composition, fees and charges would increase by £142.47 Therefore, this would be 0.9% of the total if this household composition had an income of £15,000. A household earning £21,500 would be 0.7% of their income. Those earning higher incomes such as £40,000 and £64,000 the fees and charges would account for 0.4% and 0.2% of their annual income. This household composition is likely to be less affected than other households as they do not have any dependent children and may not require certain services such as adult social care.

#### **Household 5 - 1 Older Person**

This household could potentially see an increase of £705.36. This would be the equivalent of 7.1% of a household income of £10,000, which is slightly above the annual state pension allowance. The impact would be 4.7% if the household income is £15,000 and 3.3% and 1.8%

if the household income is £21,500 and £40,000. Again, this household qualifies for single person discount on Council Tax and so the increase is £65.90 rather than £87.87. This household would potentially incur the increased costs for adult's social care, as modelled for household 1, and an increase in the cost of allotment plots has also been modelled.



## Integrated Impact Assessment document

(Incorporating Equalities, Future Generations, Welsh Language and Socio-Economic Duty)

<p><b>Name of the Officer:</b> Richard Jones</p> <p><b>Phone no:</b> 01633 740733</p> <p><b>E-mail:</b> richardjones@monmouthshire.gov.uk</p>	<p><b>Please give a brief description of the aims of the proposal:</b> To deliver a balanced budget while continuing to make progress against the council's longer term aims.</p>
<p><b>Name of Service area:</b> Chief Executive's</p>	<p><b>Date:</b> 16<sup>th</sup> February 2023</p>

**1. Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Local authorities provide many universal services such as highways and waste collections which bring multiple benefits to all age groups. However, many of our services are delivered to proportionately higher numbers of younger and older people.	Staffing reductions and reductions in the hours of care provided in Adults Social Care (SCH5, SCH10) will negatively impact people with care and support needs such as frail, elderly people, people with physical and mental disabilities and people with chronic health needs and their carers.	Ensure the Social Services and Well-being Act charging legislation is adhered to, so service users are means tested to determine their ability to pay.  Increased demand, the fragility of the social care sector and the availability of

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>The introduction of a fall's prevention and early intervention service (SCH6) will particularly support elderly people in the county.</p> <p>A fee uplift for social care providers (adults and children) (SCHPM1) will mean that the Council is able to maintain more care for adults, children and vulnerable people of all ages. The increase in costs also includes the implementation of the real living wage for all care staff which will benefit people of all ages</p> <p>Supporting budget pressures Children Services (SCHMPM5a) will enable children and families to be provided with vital services helping families achieve positive outcomes and supporting children to remain living safely with family and community wherever possible.</p> <p>Placement and Practice changes proposed in Children's Social Services (SCH3) delivery plan will impact positively on children and</p>	<p>Increasing the cost of the careline service (C&amp;P12) may result in some older users, who are reliant on the service, no longer being able to afford it, and also will prevent some from accessing the service completely.</p> <p>Process and Practice Change for people with high support needs in adults social care (SCH9) may result in some changes to the provision of care and possible increase in charges for some individuals' care.</p> <p>Placement and Practice changes proposed in Children's Social Services (SCH3) may result in a short-term negative impact in realigning the service and young people moving homes.</p> <p>Where capacity has been identified for reductions in Children services (SCH 4), the loss of any staffing resource will put pressure on other areas and is likely to increase challenges within the remaining workforce and the delivery of services to children and young people.</p>	<p>Care staff remains a key risk for adults social care which needs to be considered as part of budget proposals in adult social care, although some of these issues are outside the Council's direct control to address.</p> <p>All cases in the Youth Offending Service (SCH 13) will be assessed on a case-by-case basis.</p> <p>The review of cases in children's social care (SCH 3) will on a case-by-case basis and will be supported by the multi-agency Complex Care meetings.</p> <p>Develop and expand the Family Time Service (SCH 4), a service area which offers single issue supervision to children and a wrap round family supervision in order to keep families together whilst in crisis, investigation or assessment processes.</p> <p>Provide earlier help and prevention services that seek to prevent children coming into care, although demand can impact on the ability to achieve</p>



Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>family reviewing, identifying and commissioning/ developing services to support the needs of children and families.</p> <p>Children’s social services (SCH4) will develop and expand the Family time service. The delivery plan will impact positively on children and families.</p> <p>Monmouthshire and Torfaen Youth Offending Service is looking at reducing staff travel expenses and accommodation costs, as well as reduction in core budget (SCH13). This will enable the service to make efficiencies. Although it may be unable to meet any future increase in demand.</p> <p>Increasing the budget for ALN provision (CYP1) will ensure that all pupils currently identified as requiring support to continue in their current placement. The proposal will support pupils up to the age of 18.</p> <p>Providing additional funding to meet increased demand for home to school</p>	<p>Reducing the Individual School Budget by approximately 2.8% (CYP13) will likely result in some staff being made redundant, which will have an impact on school standards for children and young people, the number of courses available and class sizes.</p> <p>Increasing the cost of before school clubs for learners not eligible for FSM (CYP9) will mean that some families are no longer able to afford the service and learners can no longer attend.</p> <p>The reduction in Monmouthshire’s contribution to Gwent Music could mean that the prices of music lessons increase (CYP12). This could mean that they are no longer affordable for some families and will result in some children no longer able to receive music lessons.</p> <p>Reverting to statutory free school transport distance (PTU 2) will result in some learners losing access to free school transport and having to make their own travel arrangements.</p>	<p>this, and provide services that seek to repatriate children into community or family placements (e.g. MyST, Monmouthshire Families Together).</p> <p>The increased cost for before school clubs will only apply to the first child of a family that is attending (CYP9).</p> <p>Reduced staffing levels at community hubs and in the contact centre (CEO1-,8,10,11,15) will enable the council to continue to maintain delivery of core services to a wide range of people who are vulnerable or need support at key stages of the life course.</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un-predetermined way and with due regard for the impact relating to protected characteristics.</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>transport (C&amp;PPRESS01) means that learners are able to get to school safely and securely at no cost.</p> <p>The expansion of the offer available at Gilwern outdoor activity centre (ML22) will allow more children to experience and learn in an outdoor setting.</p> <p>Providing good quality, temporary accommodation has the potential to benefit people of all ages (C&amp;PPRESS02).</p> <p>The continuation of the supported housing project (SCHPM3) will allow these young adults with complex disabilities to continue living within the county and near their families.</p>	<p>Charging for additional events or activities at museums or attractions (ML11) could result in people of all ages being excluded on grounds of affordability, for example families with children.</p> <p>There will be an increase in charges of 10.1% for both residential and non-residential social care. There is also a 10.1% increase in charges for community meals. This will have a disproportionate impact on older people.</p> <p>Reduce staffing levels at community hubs in order to reduce costs and reduced staffing in the contact centre (CEO1-,8,10, 11,15) will reduce service provision that is more likely to be used by older residents. While the service is reduced it will be maintained ensuring a reduced level of service provision is provided.</p>	
Disability	Savings and Staffing restructure in the Learning disabilities service (SCH7) aim to ensure that appropriate level of staff support is available and that the principle of relevant legislation is applied to each and every care	There will be a 10% reduction in all direct payments (SCH8). Some recipients may use all their money and the reduction would result in them not having enough money in their account to pay for their care package.	The needs of these individuals (SCH8) will be re-assessed on a case-by-case basis by professionals and, where necessary, their direct payments will be increased to ensure that all care

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>package for people with learning disabilities.</p> <p>Children who live with a disability requiring Youth Offending Service support (SCH 13) will have support tailored to their needs by a multiagency approach to consider their holistic needs.</p> <p>The expansion of the offer available at Gilwern outdoor activity centre (ML22) will allow the service to create a unique offer for families with children with disabilities or complex needs and also to SEN schools who participate in outdoor activities.</p> <p>Increasing the budget for ALN provision (CYP1) will ensure that all pupils currently identified as requiring support to continue in their current placement.</p> <p>Supporting pressures in Adult and Childrens Social Care (SCHPM5, SCHPM3) will allow those experiencing physical and learning</p>	<p>Process and Practice Change for people with high support needs in adults social care (SCH 9) is focused on tightening or amending practice. There is a potential for restricted choice of equipment for residents with specialist care and support needs.</p> <p>Increasing the cost of the careline service by 50 pence per week (C&amp;P12) may result in some users no longer being able to afford the service and preventing some from accessing it all together.</p> <p>Reduction in funding and staff levels in schools and services across the county (CYP13) will mean that the support provided to children with additional learning needs or learning disabilities will be likely to decrease which could have a detrimental impact on the learning and progressions of these children.</p> <p>Any changes to social care arrangements are likely to have a particular impact on disabled people; this includes increased charges as described above.</p>	<p>costs can be covered and the individuals will not be disadvantaged.</p> <p>For social care charging increases, we will ensure that service users are means tested to determine their ability to pay.</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	disabilities as well as ill-health, both mental and physical, to continue living independently, have access to vital services, increase their quality of life and maintain close relationships with family and friends.	There will be an increase in fees and charges for both residential and non-residential social care, and community meals.	
Gender reassignment	At this stage proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment.	At this stage proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment.	None identified at this stage  Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Marriage or civil partnership	Same-sex couples who register as civil partners have the same rights as married couples in employment and must be provided with the same benefits available to married couples, such as survivor pensions, flexible working, maternity/paternity pay and healthcare insurance.  At this stage proposals haven't identified a particular overall impact, either positive or negative.	At this stage proposals haven't identified a particular overall impact, either positive or negative.	None identified at this stage  Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Pregnancy or maternity	<p>In the provision of services, goods and facilities, recreational or training facilities, a woman is protected from discrimination during the period of her pregnancy and the period of 26 weeks beginning with the day on which she gives birth.</p> <p>At this stage proposals haven't identified a particular overall impact, either positive or negative.</p>	At this stage proposals haven't identified a particular overall impact, either positive or negative.	<p>None identified at this stage</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.</p>
Race	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race.	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race.	<p>None identified at this stage.</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.</p>
Religion or Belief	At this stage proposals haven't identified a particular overall impact, either positive or negative.	At this stage proposals haven't identified a particular overall impact, either positive or negative.	None identified at this stage
Sex	The council has already carried out a full pay evaluation exercise.	A number of proposals include reducing staffing, through vacant posts or possible redundancies. Around 75% of the workforce in local government are female so any redundancy is more likely to impact disproportionately on the female sex.	<p>It will be important to ensure that the council's Protection of Employment Policy is adhered to all times.</p> <p>Ensure that opportunities for redeployment and explored to</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
			<p>minimise the risk of compulsory redundancy.</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.</p>
Sexual Orientation	At this stage proposals haven't identified a particular overall impact, either positive or negative.	At this stage proposals haven't identified a particular overall impact, either positive or negative.	<p>None identified at this stage</p> <p>Where any decisions are required relating to compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.</p>

## 2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.

	<b>Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage</b>	<b>Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>Socio-economic Duty and Social Justice</b>	<p>The introduction of a fall's prevention and early intervention service (SCH6) will be accessible to all residents in the county who require it.</p> <p>Placement and Practice changes proposed in Children's Social Services (SCH3) supports the return of young people back to Monmouthshire from Out of County placements and supports resilience building with family networks and parents to allow young people to return home or live in their home communities.</p> <p>Supporting budget pressures in Children Services (SCHMPM5a) will enable Children's services to continue to support children in the county, the majority of these children will have experienced a range of adversity including poverty, housing insecurity,</p>	<p>Staffing reductions in Adults social care (SCH 5) will negatively impact people with care and support needs These people are often the most marginalised, have lower levels of socio-economic wellbeing and poorer health outcomes.</p> <p>Increasing the cost of the careline service by 50 pence per week (C&amp;P12) may result in some users no longer being able to afford the service and preventing some from accessing it all together.</p> <p>Reverting to statutory free school transport distance (PTU 2) will result in more learners losing access to free school transport and having to make their own travel arrangement which may have a disproportionate impact on those on lower incomes who are not able to pay for transport for their</p>	<p>Kinship Carers are eligible for financial support to increased care responsibilities (SCH 3)</p> <p>The accessibility of charged events will be monitored and those not able to pay will be supported through grant funding/concessionary rates (ML11).</p> <p>Families with children who are eligible for Free School Meals (FSM) will not need to pay the increased cost for before school clubs (CYP9). This increased cost also only applies to the first child of a family that is attending. Families on low-income who are not eligible for FSM will have to pay the increased cost.</p> <p>(C&amp;P 28) Blue Badge holders will continue to be able to park for free.</p>

	<p>parental substance misuse, parental mental ill-health or domestic abuse.</p> <p>Supporting pressures in Adult social care (SCHMPM5b) will enable services to be provided to people with caring responsibilities and those people made more vulnerable because of inequality or their social-economic situation (for example families / individuals experiencing housing, poverty, domestic abuse of substance misuse issues).</p> <p>It is hoped that a fees uplift to social care providers (adults and children) (SCHPM1) will allow socio-economically disadvantaged older people to have more places available to them and more choice of where they would like to go.</p> <p>The continuation of the supported housing project (SCHPM3) will provide support for young adults with complex physical and learning disabilities. These young adults are unable to gain employment due to their high levels of disability, and so this project allows them to live independently and safely. It also means that the parents of these young adults are able to gain employment if they wish.</p> <p>The provision of temporary accommodation (C&amp;PPRESS02) will</p>	<p>children or are able to take the children to school themselves</p> <p>The reduction in Monmouthshire's contribution to Gwent Music could mean that the prices of music lessons increase (CYP12). This will result in some families no longer being able to afford lessons and therefore will exclude some learners and mean that peers in school do not have the same opportunities.</p> <p>Increasing the cost of before school clubs from £1 to £2 (CYP9) for the first child in a family attending could have a disproportionate effect on low-income families. This can be a considerable expense for some families, and if working families cannot afford to pay, they may need to change working hours or find alternative childcare.</p> <p>Fee increases for car parking of approximately 15% (C&amp;P 28) will affect shoppers and visitors to Abergavenny, Chepstow and Monmouth</p> <p>Telephone services (CEO1-,8,10, 11,15) enable those who do not have a car or who are digitally excluded to access services. These people are more likely to be on low incomes.</p>	<p>It will be important to ensure that the council's Protection of Employment Policy is adhered to all times. Ensure that opportunities for redeployment are explored to minimise the risk of compulsory redundancy.</p> <p>The Council Tax reduction scheme offers some mitigation, council tax is means tested and those who qualify are able to apply for a reduction. Single person households are eligible for a 25% reduction on council tax.</p> <p>It is important to assess and understand the impact of our proposals on those in poverty, especially if there is a cumulative impact from a number of proposals. The evidence in this paper helps assess the overall potential impact of the budget on different people within our communities and looks to establish the cumulative financial impact of the budget.</p>
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	<p>benefit those experiencing socio-economic disadvantage. The provision of good quality temporary accommodation will also support wider priorities such as health and well-being.</p> <p>The proposal for additional capacity for work related community safety &amp; Violence Against Women, Domestic Abuse &amp; Sexual Violence (VAWDASV) agendas seeks to protect and support victims and survivors of crime, abuse and those deemed most vulnerable in our society. (CEOPM1).</p> <p>Providing additional funding to meet increased demand for home to school transport (C&amp;PPRESS01) means that all learners have equal access to education regardless of their socio-economic status.</p> <p>Introducing a Council Tax premium for second homes (Fin 2) potentially helps to reduce the number of second homes in the county, allowing more homes for local people. Although second homes are a relatively small proportion of homes in the county.</p> <p>Commercial investments (RES3) will hopefully create economic growth in the area, resulting in more jobs and opportunities.</p>	<p>Reductions in the service availability will have a disproportionate impact on these groups.</p> <p>Second homeowners generate income to the local community which could be reduced with the introduction of a council tax premium for second-home owners (FIN 2).</p> <p>Commercial investments (RES3) should create economic growth in the area, resulting in more jobs and opportunities. Although commercial investments are currently an identified budget pressure</p> <p>A number of proposals include reducing staffing, through vacant posts or possible redundancies. This will have a socio-economic impact on those council employees affected.</p> <p>An increase in Council Tax will have a financial impact on all households. Those on lower incomes, as any bills will form a higher proportion of their household expenditure, will feel the impact more acutely.</p> <p>There is a risk that any budget proposals that increase discretionary charges will have a disproportionate impact on people on low incomes and therefore will widen inequality.</p>	
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### 3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
<p><b>Policy Making</b> Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably</p>	<p>A continued focus on Welsh translation will ensure we can continue to comply with the Welsh Language Standards.</p> <p>All proposals will comply with the Welsh Language standards applicable to the authority</p>	<p>None identified</p>	<p>All signage and material arising from budget proposals will be compliant with the Welsh Language (Wales) Measure 2011 and Welsh Language Standards.</p>
<p><b>Operational</b> Recruitment &amp; Training of workforce</p>	<p>We will ensure that new vacancies are assessed and where possible advertised as 'Welsh essential' to increase opportunities for people to engage with the council through the medium of Welsh.</p> <p>An increase in capacity and expertise in the council's Welsh language function will help ensure that all areas of work are carried out in accordance with Welsh language requirements.</p>	<p>None identified</p>	<p>Ensure that new roles are assessed to determine Welsh language requirements. Active promotion of vacancies in Welsh language publications and websites as well as targeted promotion via LinkedIn.</p> <p>Continue to promote and fund language courses to increase the number of learners in line with the aspirations in our Welsh Language Strategy</p>

<p><b>Service delivery</b> Use of Welsh language in service delivery Promoting use of the language</p>	<p>Growing Welsh medium education through the funding of a seedling provision, as an extension of an existing Welsh-medium school in Monmouth in September 2023.</p> <p>Increases in our ability to recruit Welsh speakers will ensure increased ability for service users to use the language in their dealings with the council.</p>	<p>Budget proposals identify a number of potential redundancies. In some instances these could result in reduction in the number of Welsh speakers employed.</p>	<p>The expansion of Welsh-medium primary education in Monmouthshire is a key action that will enable us to achieve Welsh Ministers target of 115 pupils per cohort by 2032.</p> <p>As part of the council's Welsh Language Strategy, we will continue to grow the number of Welsh speakers in the workforce, resulting in a net increase, through recruitment and training.</p> <p>Ensure that appropriate mitigations are put in place at a service level to mitigate the loss of any individuals on our overall ability to provide services in Welsh.</p>
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**4. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

<p><b>Well Being Goal</b></p>	<p><b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b></p>	<p><b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b></p>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>A number of mandates involve redundancies, which will overall reduce the number of jobs in the county.</p>	<p>Wherever possible, posts that are deleted will be vacant posts, thus reducing the number of redundancies necessary.</p>



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	<p>Some proposals e.g. reduction in workforce development work in social services (SCH12), reducing library book purchases (CEO08) may reduce opportunities for training and education.</p> <p>There will be increased adult education opportunities which make a positive contribution to increasing skills. (CEO10)</p> <p>(RES19) involves removing a very small pot of WG funding for business rate relief, but this was considered too small to be of real benefit to Monmouthshire businesses.</p>	
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>ML1 and 2 will increase biodiversity and nature recovery work. C&amp;P8 will also improve biodiversity by managing more land for pollinators.</p>	<p>Although this work is positive, in order to be able to maintain or expand this work some of the proposals increase reliance on grant funding streams, which is not a long term solution. Efforts will therefore be needed to find additional grant funding or core funding for some of this work to be able to continue longer term.</p>
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Many of the proposals have a significant impact on people's physical and mental health and wellbeing, whether this is through the provision of care services, working with children with additional needs, encouraging access to the countryside, active travel or leisure services.</p> <p>On the whole, proposals are all aiming to improve health and wellbeing (e.g. falls prevention, better provision for additional needs etc). However, some of the proposed savings may have a</p>	<p>As with many of the budget proposals managers are aiming to reduce negative impacts on health, whilst ensuring that core services are able to continue, albeit with a reduced level of service, reduced hours or the seeking of grant funding to ensure services can still be delivered.</p> <p>Increased demand, the fragility of the social care sector and the availability of care staff remains a key risk for adults social care.</p>



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	<p>negative impact e.g. SCH5 reductions in Adults social services.</p> <p>And others will be increasingly reliant on grant funding e.g.ML13 Sports development.</p> <p>In addition, the mental health impact on staff at risk of redundancy needs to be taken into account.</p>	<p>Where staff are put at risk of redundancy, measures will be put in place to help them, such as guaranteed interviews for internal posts for suitable candidates, employment and skills support etc</p>
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>Several proposals have a positive impact on cohesive communities, since they enable children with additional needs, young people with complex needs to be able to be educated and live in their local communities by reducing the need to travel further afield or out of county (CYP4 PM, SCHPM3)</p> <p>CEOPM1 aims to increase support for community safety. PTU1 aims to improve walking and cycling routes, which improve safety and connectivity within communities.</p>	<p>None identified.</p>
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Several proposals make a positive contribution to reducing carbon emissions from our buildings through energy savings and renewables installation (Decarb 1&amp;2, RES3). Other proposals will reduce transport related emissions such as enabling children and young people with additional needs to get the support they need within their local community, rather than travelling out of county, reducing grey fleet mileage and rationalizing fleet (TRANS1&amp;2). However, some</p>	<p>PTU1 will improve walking/cycling routes to school to help mitigate the impact of PTU2</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	proposals may increase transport related emissions by increasing the distances pupils have to walk/cycle to school or increasing travel costs, if parents resort to driving (PTU2). Increasing charges for green waste collection may reduce participation.	
<p><b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	There are number of proposals impacting on culture and heritage. Introducing a small charge for some events may reduce uptake, but will allow for a wider range of cultural activities to take place (ML11). Some proposals will result in a small reduction in the hours that cultural and heritage opportunities are open (e.g. ML7,8,9&21 Chepstow TIC). The reduction in the budget available for library books will have a negative impact (CEO08)	<p>In order to reduce the impact of proposals, cultural, heritage and sports opportunities are still being maintained, with only minimal reductions in opening times. Charges for some events are being kept to £2, in line with feedback from users. Any new vacancies that are part of proposals are assessed and where possible advertised as 'Welsh essential' to increase people opportunities to engage with the council through the medium of Welsh.</p> <p>We will look to protect the level of library book spend allocated to Welsh language publications.</p>
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	Many of the proposals do include impacts on some protected characteristics, in particular age and disability. These impacts (positive and negative) are examined in more detail in the protected characteristics section above. There are also impacts on those on low incomes as a result of charge increases or introductions and these are examined in more detail in the socio-economic duty section above.	<p>Wherever possible charges are kept to a minimum or are means tested (e.g. ML11 charges for events, CYP9 waiving before school charges for those on free school meals) to reduce impact on low income families.</p> <p>Where staff are put at risk of redundancy, measures will be put in place to help them, such as guaranteed interviews for internal posts for suitable candidates, employment and skills support etc</p>


Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	Consideration will need to be given to whether redundancies will affect any particular groups of people.	

**5. How has your proposal embedded and prioritised the sustainable governance principles in its development?**

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The requirement for short term financial savings may have an impact on the ability to deliver quality services in the long term. For a number of posts and workstreams across all directorate, but particularly in MonLife, there is an increasing reliance on grant funded posts and projects, which is inevitably only helpful in the short term.</p>	<p>Wherever possible, proposals are only reducing service levels (e.g. by reducing opening hours or staffing) rather than closing services, in order to ensure that core services can still be continued in the long term.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>For many of the budget proposals, partnership working is key to being able to continue delivering services. However, there are also proposals to scale back some aspects of partnership working, which could reduce the viability of some of these partnerships and service levels received (e.g. SCH11, CYP10, CYP12)</p>	<p>Generally proposals that scale back partnership work still continue with those collaborations, with reduced financial contributions that we are able to make.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Involvement views</p> <p>Involving those with an interest and seeking their views</p>	<p>Individually, many of the budget proposals have been subject to consultation to assess the impact on service users. For other proposals, this engagement has not yet taken place or is planned at the same time as the budget engagement process.</p> <p>Overall, these proposals will form part of the budget consultation and will be subject to a public consultation exercise.</p>	<p>Ensure that proposals and the accompanying Integrated Impact Assessments are updated as a result of any further consultation and engagement.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Wherever possible, proposals aim to prevent problems occurring or getting worse (e.g. PTU1 will increase walking and cycling and reduce future ill health, SCH6 should reduce falls, preventing the need for hospital admissions.)</p> <p>With the scale of savings that are needed, some proposals will be taking investment out of preventative work which may lead to further problems in the future. Examples of this include: SCH5 reducing Adult Services workforce and SCH13 reducing the Youth Offending Service.</p>	<p>Wherever possible, posts that are already vacant are those that are being deleted, meaning that the impact of those are less. However, across the council teams are already under pressure, and not replacing vacant posts will mean that we are likely to be less able to be proactive and preventative and are more likely to be reactive. Increased demand, the fragility of the social care sector and the availability of care staff remains a key risk for adults social care. although some of these issues are outside the Council's direct control to address.</p>



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p><b>Integration</b></p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The council works across multiple areas and many of these proposals can have positive and potentially negative impacts on another. It is important that as individual proposals are developed, we seek to balance competing impacts, and fully consider the impacts that proposals will have on other organisations.</p>	<p>The council's developing Community and Corporate Plan contains a table which highlights the impacts of the plan on each of the seven national well-being goals. Any detailed proposals brought forward following the consultation will need to assess the impact of that proposal on the well-being goals and the sustainable development ways of working.</p>

**6. Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?**

	<b>Describe any positive impacts your proposal has</b>	<b>Describe any negative impacts your proposal has</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect. Specific proposals include an assessment on the impact on safeguarding.	Specific proposals include an assessment of the impact on safeguarding, including any potential negative impact on delivering the Council's safeguarding responsibilities.	Specific proposals include an assessment on the impact on safeguarding, including mitigation related to the potential impact on delivering the Council's safeguarding responsibilities.  Safeguarding is at the heart of everything the council does. All staff are trained to a level that is appropriate to their role.
Corporate Parenting	The council has a responsibility to children who are looked after. The council has a corporate duty to consider looked after children especially and promote their welfare (in a way, as though those children were their own). Specific proposals include an assessment on the impact on corporate parenting.	Specific proposals include an assessment on the impact on corporate parenting, including any potential negative impact on delivering the Council's corporate parenting responsibilities.	Specific proposals include an assessment on the impact on corporate parenting, including mitigation related to the potential impact on delivering the Council's corporate parenting responsibilities.

## 7. What evidence and data has informed the development of your proposal?

The proposals are based upon a wide range of data and evidence and this will be contained within the evaluations of each of the individual proposals.

Data sources include for example:

- Quantitative data such as user numbers, measuring whether changes have had a positive or negative impact on the number of people using the service, in some cases, such as preventative services less users will be a positive
- Qualitative data that gives people views of the service which includes analysis of complaints
- Data derived from national sources such as ONS, Census and Stats Wales which allow us to measure whole population

## 8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

Where an individual budget proposal could alter a service, or the way it is delivered an Integrated Impact Assessment has been completed.

This assessment summarises the headline message from these individual assessments where proposals have been identified as having a positive or negative impact on those with protected characteristics, the socio-economic duty, and the ways of working and national well-being goals. This does not highlight every single issue but reveals some of the key impacts of budget proposals and provide scope for continual learning and improvement as proposals are developed.

**9. ACTIONS:** As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

<b>What are you going to do</b>	<b>When are you going to do it?</b>	<b>Who is responsible</b>
Existing actions have been identified within the individual assessments.	As per budget proposals	As per budget proposals

**10. VERSION CONTROL:** The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.

<b>Version No.</b>	<b>Decision making stage</b>	<b>Date considered</b>	<b>Brief description of any amendments made following consideration</b>
1.0	Cabinet	18/1/23	
2.0	Cabinet	1/3/23	Updated following the budget consultation alongside the final budget proposals

## Appendix 2 – Cumulative Financial Impact methodology

To model the cumulative financial impact, we have used five different household types and identified varying annual household incomes for each.

Household composition data from the Census 2021 in Monmouthshire shows for each of our households modelled:

Household 1 - 2 Adults, 2 Dependent Children, 1 Older Person - 2% (689) of all household composition households from Census 2021 were Multiple family –household: with dependant children.

Household 2 - 2 Adults, 2 Dependent Children – 17% (7033) of all household composition households from Census 2021 were for a single family household (married, civil partnership or cohabiting couple) with dependent children.

Household 3 - 1 Adult, 2 Dependent Children – 6% (2281) of all household composition households from Census 2021 were for a single family household (lone parent) with dependent children.

Household 4 - 2 Adults – 13% (5309) of all household composition households from Census 2021 were for a single family household (married or civil partnership) with no children. 5% (2235) households were noted as being co-habiting couple families with no children.

Household 5 - 1 Older Person – 16% (6534) of all household composition households from Census 2021 were for a 1 person household, aged 66 years or older.

Data on income levels will continue to change as wage levels vary, the figures used provide an approximate indication. 60% of the median income of the UK is commonly used as a means to define whether a household is in poverty or not. Using a range of approximate income levels as part of the modelling provides an indication of the potential impacts on households.

The full rate of the new state pension for 2022/23 is worth £185.15 per week, this constitutes an annual figure of £9,628. This is due to rise to £203.85 per week in 2023/24, £10,600 a year. For single adult households without children the annual benefits cap is £13,400 due to rise to £14,753 in 2023/24. The Annual level of Benefit cap for couples (with or without children) or single claimants with a child of qualifying age is £20,000, due to rise to £22,020 in 2023/24.<sup>8</sup>

## Fees and charges

Each of the planned increases in fees and charges identified to be used in the cumulative financial impact model are shown in the table below. This does not cover every fee and charge within the budget, these have been selected to provide an indication of potential increases for households. Full details on fees and charges are in the budget papers.

Fee/Charge	Fee Increase	Household 1 – 2A, 2C, 10P	Household 2 – 2A, 2C	Household 3 – 1A, 2C	Household 4 – 2A	Household 5 – 10P
Council Tax	£87.87 (Avg Band D)	£87.87	£87.87	£65.90	£87.87	£65.90
Careline	£0.50 per week	£26				£26
Before School Club	£1 increase a day	£195	£195	£195		
Residential car permit	£9 per annum	£9	£9	£9	£9	£9
Car Parking Charges	£0.30 for 2 hour stay each week	£15.60	£15.60	£15.60	£15.60	£15.60
Museum Activities/Events	£2 per person	£20	£16	£12	£8	£4
Social care – domiciliary care	£1.51 per hour	£392.60				£392.60
Community Meals	£0.46 per meal	£167.44				£167.44
Garden Waste Bag	£22 per bin	£22	£22	£22	£22	£22
Allotment Plot	£2.82 per plot					£2.82
Swimming Lessons	£1 a month per person	£24	£24	£24		
<b>Total</b>	£10,000 & £15,000	<b>£764.51*</b>	<b>£174.47*</b>	<b>£148.50*</b>	<b>£142.47</b>	<b>£705.36</b>
	£21,500, £40,000 & £64,000	<b>£959.51</b>	<b>£369.47</b>	<b>£343.50</b>		
% of Household Income	£10,000	7.6%	1.7%	1.5%	1.4%	7.1%

	£15,000	5.1%	1.2%	1%	0.9%	4.7%
	£21,500	4.5%	1.7%	1.6%	0.7%	3.3%
	£40,000	2.4%	0.9%	0.9%	0.4%	1.9%
	£64,000	1.5%	0.6%	0.5%	0.2%	1.1%

\*These figures are the total cost minus the £195 cost for the before school club price increase. Families with household incomes of £10,000 and £15,000 would very likely be eligible for free school meals, making them exempt from this cost increase.

## References

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<sup>1</sup> CPI, Release date 15 February 2023, available at <https://www.ons.gov.uk/economy/inflationandpriceindices>

<sup>2</sup> Average weekly earnings in Great Britain: February 2023

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2023>

<sup>3</sup> Average weekly earnings in Great Britain: February 2023

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2023>

<sup>4</sup> <https://www.gov.uk/government/news/state-pension-and-benefit-rates-for-2022-to-2023-confirmed>

<sup>5</sup> <https://www.gov.uk/government/publications/benefit-and-pension-rates-2023-to-2024>

<sup>6</sup> Average Band D in 2022-23 = £1476.79 increasing to £1564.66 in 2023-24. This figure does not include the change for the Police and Crime Commissioner and Community and Town Council precepts. <https://www.monmouthshire.gov.uk/app/uploads/2022/03/Bandings-Template-2022-23-1.pdf>

<sup>7</sup> <https://www.monmouthshire.gov.uk/home/counciltaxandbenefits/>

<sup>8</sup> <https://www.gov.uk/government/publications/benefit-and-pension-rates-2023-to-2024/benefit-and-pension-rates-2023-to-2024>



# Understanding how services are grouped

**Children and Young People** – comprising individual school budgets together with school improvement and LEA run services such as overseeing school admissions and supporting children with Additional Learning Needs

## **Social Care, Health & Safeguarding**

- Services to adults and which seeks to enable them to live as independently as possible
- Services to help the most vulnerable children and families
- Services centred around public protection such as trading standards and licencing

# Understanding how services are grouped

## **Communities & Place**

- Supporting economic development in the County
- Waste and recycling, Grounds Maintenance, Highways maintenance, Streetlighting, Passenger transport, Fleet maintenance, Schools Catering and other operational services
- Planning & Building Control, Car Parks and Civil Parking Enforcement, Traffic & Road Safety, Highways design & development, Flooding
- Decarbonisation
- Housing & Homelessness
- Procurement

# Understanding how services are grouped

**Resources** – support services such as finance, ICT, operational payroll, estates, property services, and commercial activities

## **People & Governance**

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- Administers the democratic process through member support and democratic services
- Legal services and land charges
- Emergency planning
- Training
- HR

# Understanding how services are grouped

## **Chief Executive's Unit**

- Corporates services such as communications, customer services, Contact centre, welsh language and equalities
- Community Learning & Community Hubs

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**MonLife** – Providing a wide range of tourism, leisure and culture services

**Corporate Costs** – precepts and levies to other statutory bodies as well as other costs such as insurances, bank charges and audit fees

# Understanding how services are grouped

**Appropriations** – the costs of borrowing together with contributions to or from earmarked reserves

**Financing** – comprising core Welsh Government funding (AEF), council tax income and any contribution from the Council's general reserve

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**SUBJECT: 2023/24 MONMOUTHSHIRE FARM SCHOOL TRUST FUND AND WELSH CHURCH TRUST FUND INVESTMENT AND FUND STRATEGIES**

**MEETING: Cabinet**

**DATE: 1st March 2023**

**DIVISION/WARDS AFFECTED: All Authority**

**1. PURPOSE:**

1.1 To present to Cabinet for approval the 2023/24 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee.

To approve the 2023/24 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

**RECOMMENDATIONS:**

That the proposed Investment and Fund Strategy for 2023/24 for the Welsh Church Fund be approved. (**appendix 2**).

2.2 To delegate responsibility for the execution and administration of treasury management decisions to the Deputy CEO and Chief Officer for Resources (Section 151 officer) who will act in accordance with the Investment and Funds Strategy.

2.3 To approve the 2023/24 grant allocation to Local Authority beneficiaries to the Monmouthshire Welsh Church Act Fund of £200,000 which is to be distributed in accordance with population data in the draft Local Government Settlement 2023/24.

2.4 To endorse the policy that Monmouthshire County Council (as the Welsh Church Fund Trustee) ensures that the constituent councils that benefit from grant distributions, ensure that grants allocated are in line with charitable objects of the fund and that this fact is advertised on their Authority's website.

2.5 To endorse the Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2023/24 (**Appendix 6**) as considered and approved by the Welsh Church Fund Committee on the 1st December 2022.

- 2.6 That the proposed Investment and Fund Strategy for 2023/24 for the Monmouthshire Farm School Endowment Trust Fund as set by the Trust be endorsed (**appendix 1**).
- 2.7 To note that the Monmouthshire Farm School Trust Board determined the 2023/24 grant allocation for the year in July 2022. However, this is reviewed at every meeting to ensure that the grants offered do not exceed previous years' investment return at the end of March 2022, and any under spends carried forward from the 2022/23 grant allocation, thus to avoid eroding the overall fund.

### 3. KEY ISSUES:

- 3.1 The Authority acts as the sole trustee for the Welsh Church Fund and the custodian with responsibility for financial arrangements for the Monmouthshire Farm School Endowment Trust Fund and is required annually to approve Investment and Fund Strategies for them. In addition, for the Welsh Church Fund the Authority is required to determine the grant allocation for the forthcoming year.
- 3.2 The contract for the position of Treasury Advisor to Monmouthshire County Council, the Welsh Church Act Fund and the Monmouthshire Farm School Endowment Trust was awarded to Arlingclose Ltd in March 2021 for 4 years with the option to extend for a further two years. All three bodies will therefore continue to receive ongoing advice and support on investments until at least the 31<sup>st</sup> March 2025 and beyond if the option to extend is exercised.

#### Investment and Fund Strategy

- 3.3 In acting in its capacity as either sole trustee or custodian, the Authority is required to have Investment policies in place for the Monmouthshire Farms Endowment Trust Fund and the Welsh Church Fund in order to comply with the [Trustee Act 2000](#). The policies ensure that monies are invested in the best interests of the Trusts.

The Annual Investment and Fund strategies for the Monmouthshire Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust Fund set priorities are, in the order shown, to:

- a) Maintain security of the invested capital,
- b) Maintain sufficient liquidity to allow grants to be distributed,
- c) Maintain an optimum yield which is commensurate with security and liquidity.

#### Welsh Church Fund



- 3.4 The UK Bank Rate reached 4% in February following a 0.50% rise. Arlingclose forecast a further rise of 0.25% to see rates peak at 4.25% before cutting rates in the medium term. Arlingclose expect rate cuts in the first quarter of 2024 to a low of 3% by 2025, although the timing and extent of rate cuts remains highly uncertain.
- 3.5 In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.
- 3.6 The Trust holds real assets within pooled funds (Collective Investment Funds) such as to maximise the average annual income stream to the Trust over a 3 to 5 year' business cycle without a sustained loss of capital funds. This policy was adopted as the Investment Strategy for the WCF in 2013/14. Arlingclose as treasury advisors to the Welsh Church Fund have supported the Welsh Church fund in making these types of investments, and these investments were taken out between May 2013 and January 2014. The latest fund review was undertaken by Arlingclose in 2022 and these investments remain a risk balanced investment portfolio in line with the investment priorities.
- 3.7 Pooled investment funds are suited to bodies such as the Welsh Church Fund and the Mon Farm School Trust Fund which are looking for a steady and/or higher average income streams and are able to leave the principal in place for a business cycle as they do not need to access the principal over the medium term. This enables the Trust to benefit from above average good years despite lower returns in infrequent poorer years.
- There is a risk relating to the use of these funds in that the principal amount can go down as well as up in value. Again, this is suited to the Welsh Church Fund as the Trust can tolerate these movements over a longer business cycle. The movements are expected to be at least neutral over a business cycle and the earning power of these investments is not largely affected by the market value.
- 3.9 For the financial year 2021/22, the WCF has received income of £193,856 from its external investment funds and through rental income. Therefore, it is recommended that we distribute £200,000 to ensure that the funds raised for charitable purposes in 2021/22 during the period of the Covid-19 pandemic are distributed fully and thereby assist grant recipients in need of financial support without a further depletion in capital assets.
- 3.10 In the financial year 2021/22, the income received from the pooled funds was augmented by a paper net capital gain of £349,668 (£422,752 gain in 2020/21) as a result of a continued bounce back in the markets after the initial losses due to the Covid-19 pandemic. As indicated in point 3.6, a movement in capital value is expected with these types of investments in normal years as well as exceptional year's such as at the height of a pandemic and these movements are not expected to impact the fund in the longer term. For this reason, Arlingclose strongly recommend continuing to spread the investments over several asset classes, equity, property, and bonds to reduce any substantial risk of losses. The trust will continue to review exit strategies from pooled funds if appropriate and in light of a rising interest rate environment where returns may be greater from other investment vehicles.

- 3.11 A revised Investment and Fund strategy for the Welsh Church Act Fund is contained in Appendix 2.

The strategy states that the balance of cash not invested directly by the Trust Funds can be managed on a pooled basis by Monmouthshire County Council to maximise investment returns and to minimise exposure to investment losses. This cash balance is required primarily to ensure sufficient cash is available to distribute grants during the financial year and reimburse other authorities within Greater Gwent at the financial year-end.

### **Monmouthshire Farm School Endowment Trust Fund**

- 3.12 Following recommendations from Treasury Advisors Arlingclose, The Monmouthshire Farm School Endowment Trust adopted a similar risk and investment strategy to that of the Welsh Church Fund. The Investment strategy (appendix 1) was presented to and approved by the Board of The Monmouthshire Farm School Endowment Trust in July 2022.

- 3.13 In the financial year 2021/22, which is the most recent completed year end accounts, the Mon Farms Trust received income of £23,448 from its direct investments in funds and £4,716 from the Roger Edwards Educational Trust Fund. These total investment returns were more than the grants and fees allocated from the Trust and so this could have potentially increased the funds available for distribution in 2023/24. The trustees have agreed however to maintain the grants available at £30,000 in 2023/24.

- 3.14 In the 2021/22 financial year, the income received from the pooled funds invested in by the Trustees directly was augmented by a paper net capital gain of £12,721. As indicated in point 3.6, a movement in capital value is expected with these types of investments and not expected to impact the fund in the long term. For this reason, Arlingclose strongly recommend continuing to spread the investments over several asset classes, including equity, property, and bonds to reduce the risk of losses. It should be noted however that as the Monmouthshire Farm School Endowment Trust receives income from the Roger Edwards Trust and that this income is achieved by investing in Equity and Property based products, in order to diversify, the additional products selected for direct investment were weighted towards bond based products. The bond-based products have made a loss over the last 12 months. This situation is being actively discussed with Arlingclose to optimize performance over the medium term although diversification is still seen as the best policy.

- 3.15 Appendix 1 outlines the Annual Investment and Fund Strategy 2023/24.

### **Grant Allocation of the Welsh Church Fund**

- 3.16 The Monmouthshire Welsh Church Fund was established on 1st April 1996 from the former Gwent Fund and part of the former Mid Glamorgan Fund. The Fund covers the administrative areas of Blaenau Gwent, Caerphilly, Newport, Torfaen, and Monmouthshire, with Monmouthshire being designated as the lead Authority.
- 3.17 Since 1996 trustees have sought to obtain a satisfactory rate of return from the fund's investments thereby enabling grants to beneficiaries after meeting expenses, whilst maintaining the capital value of the fund in real terms.

3.18 The fund balance held by the trust was £5,681,040 as at the 31<sup>st</sup> March 2022 (£5,314,628 at 31<sup>st</sup> March 2021). It is recommended that the grant allocation should be increased to £200,000 in 2023/24 (£190,000 in 2022/23. Investment Funds have increased their distributions as interest rates have risen alongside asset portfolios. The forecast for 2022/23 income is estimated to be around £200,000, which is slightly more than the £193,856 received in 2021/22 as the economy slowly bounces back to pre-pandemic levels, this has enabled us to increase grant distributions.

3.19 This will result in the following distribution being recommended:

<b>AUTHORITY</b>	<b>POPULATION (000) **</b>	<b>PERCENTAGE SPLIT</b>	<b>BUDGET*</b>
Blaenau Gwent CBC	53,700	0.115	23,052.16
Caerphilly CBC	139,400	0.299	59,841.17
Monmouthshire CC	76,100	0.163	32,667.95
Newport CBC	123,700	0.266	53,101.52
Torfaen CBC	73,000	0.157	31,337.20
<b>TOTAL</b>	<b>465,900</b>	<b>100.0</b>	<b>£200,000</b>

\*The above figures do not include any brought forward unspent grant allocations

\*\*Source: 2023/24 Draft Local Government Settlement (Population over 18).

### **Risk Assessment of the Welsh Church Fund**

3.20 The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed by charitable grants and the key risk faced by the Welsh Church Fund is loss or reduction in the amount of monies available.

3.21 The risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority in its position as sole and corporate Trustee. The existing risk assessment policy has been reviewed and is deemed to be adequate and sufficiently robust to continue during the 2023/24 financial year. The risk assessment is attached for information at appendix 4

### **Risk Assessment of the Monmouthshire Farm School Endowment Trust**

3.22 The financial assistance provided by the Monmouthshire Farm Endowment Trust supports a very wide range of students, studying at agricultural orientated colleges in the UK. Applicants must live in the former Gwent area (excluding Newport) and preference is given to

those under 25 years old. Annually, monies are distributed by way of educational grants and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available for distribution.

- 3.23 A risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority, in its position as the Trustee with responsibility for financial arrangements. The risk assessment policy is attached for information at Appendix 4.

#### **4. OPTIONS APPRAISAL**

Options available are restricted by the nature of the governing documents of the Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust

#### **5. EVALUATION CRITERIA**

- 5.1 There are no long-term sustainability implications arising directly from this report although it should be noted that the Covid-19 pandemic has had a slight impact in regard to investment returns achieved over the last two years.

The approval of the Investment and Fund Strategies do not require any specific decisions to be made which could have an adverse impact on any group or individual within the Council. The approval of the Welsh Church Fund budget for grant allocation to the constituent authorities in 2023/24 is seen to have a neutral impact on the sustainability of the fund going forward.

#### **REASONS:**

- 6.1 To produce an annual Investment and Fund Strategy in order that the Authority fulfils its responsibilities as corporate and sole trustee in compliance with the Trustee Act 2000.
- 6.2 To approve the 2023/24 grant allocation for the Welsh Church Fund, enabling constituent Local Authorities to make qualifying grant allocations under the Welsh Church Fund Trust Scheme.

#### **7. RESOURCE IMPLICATIONS:**

- 7.1 The grant allocation to beneficiaries of the Welsh Church Fund is set in the context of the fund balance being maintained over the long term. It is funded through net income generated through investment returns.
- 7.2 The appointment of a dedicated treasury advisor to the Welsh Church Fund will be an ongoing annual charge against the Fund. The fee negotiated is competitive and further efficiencies are generated from the Authority dealing with one advisor for its treasury advice.

**8. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

A Future Generations assessment, examining the implications in regard to equality, safeguarding, corporate parenting or sustainable developments, is contained in the attached appendix 5

**9. CONSULTEES:**

Strategic Leadership Team  
Cabinet Members  
Head of Finance

**Results of Consultation**

No adverse comments received

**10. BACKGROUND PAPERS:**

Appendix 1 – Monmouthshire Farm School Endowment Trust – Annual Investment and Fund Strategy 2023/24  
Appendix 2 – Monmouthshire Welsh Church Fund – Investment and Fund Strategy 2023/24  
Appendix 3 – Monmouthshire Farm School Endowment Trust – Risk Assessment Policy 2023/24  
Appendix 4 – Monmouthshire Welsh Church Fund – Risk Assessment Policy 2023/24  
Appendix 5 – Future Generations Evaluation Form  
Appendix 6 -- Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2023/24

**11. AUTHORS:**

Dave Jarrett – Senior Accountant Business Support  
Nicola Wellington – Children & Young People Finance Manager

**12. CONTACT DETAILS:**

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Telephone: 01633 644567

## The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2023/24

### 1. Background

- 1.1. The Trustees shall each year consider for approval an annual Investment Strategy. The Trustees may also request submission of a longer-term investment strategy for approval. Any proposed in-year modification to the Investment Strategy must be approved by the Trustees.
- 1.2. This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Monmouthshire Farm Endowment Trust and Monmouthshire County Council.
- 1.3. The Trustees have agreed to a continued relationship with a Treasury advisor to provide expert advice on the continued suitability of a variety of investment vehicles for inclusion in its portfolio. This will carry a small charge.

### 2. Interest Rate Forecast

- 2.1. The UK Bank Rate reached 4% in February following a 0.50% rise. Arlingclose forecast a further rise of 0.25% to see rates peak at 4.25% before cutting rates in the medium term. Arlingclose expect rate cuts in the first quarter of 2024 to a low of 3% by 2025, although the timing and extent of rate cuts remains highly uncertain.
- 2.2. In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.
- 2.3. The Monmouthshire Farm Endowment Trust, by means of this Investment strategy is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and thereby reduce the underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

### 3. Annual Investment and Fund Strategy

- 3.1. The Trustees shall invest Monmouthshire Farm Endowment Trust monies in an agreement with the board of the Trust for Monmouthshire Farm School Endowment.

- 3.2. Day to day activities required to implement this shall be delegated to the S151 Officer and the Treasury team of Monmouthshire County Council. This can include a change to investment vehicle providing it still lies within the scope of this Investment strategy and is approved by the current Treasury Management advisors.
- 3.3. In accordance with best practice, the Monmouthshire Farm Endowment Trust must consider the three objectives of security, liquidity, and yield in relation to the investment of its funds when making any investment. Maintaining a high level of security of investment ensures the long-term income generating capacity of the fund. The liquidity or accessibility of a portion of the investments ensures in the short-term expenses of the fund can be met.
- 3.4. The Overall Fund Strategy of the Monmouthshire Farm Endowment Trust Fund is to generate investment returns which after meeting the expenses of managing the Fund, can be distributed to selected beneficiaries. The investment strategy is therefore to maximise returns commensurate with appropriate levels of security and liquidity. Investments in Collective Investment Funds are likely to result in fluctuations in principal. It is acceptable to allow this, if having taken appropriate advice; they are expected to be temporary in nature, to improve total returns over a 3 to 5 year' business cycle.
- 3.5. At 31<sup>st</sup> March 2022, the Monmouthshire Farm Endowment Trust had £643,602 of pooled investments and £34,927 of cash.
- 3.6. Financial investments can be taken by the Fund without specific reference to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and meet the "high credit quality" criteria determined by the Trustees and set out in paragraph 3.9 and are not deemed capital expenditure investments under Statute.
- 3.7. Investments which do not meet the strict definition (detailed below) of high credit quality and which have a longer-term Investment horizon, can be taken, but only after consulting with the Monmouthshire Farm Endowment Trust Fund treasury advisors and the Section 151 Officer at Monmouthshire County Council.
- 3.8. The types of investment vehicles that can be utilised by the Monmouthshire Farm Endowment Trust are as follows:

**Table 2: Investments**

Investment	
Term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills, or the UK Debt Management Office	✓

Collective Investment Schemes	✓
Pooled funds with Monmouthshire County Council	✓

3.9. The Trustees and its advisors select countries and financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (counterparties):
  - Investments are classed as having high credit quality if the lowest credit rating they have with Fitch, Moody's and Standard & Poors' is A-, A3 and A- or higher.
  - And a country rating of AA+ or equivalent for non-UK sovereigns
- Credit Default Swaps (where quoted)
- Sovereign Support mechanisms
- Economic fundamentals (for example Net Debt as a percentage of GDP) and Economic trends
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Historical performance and expected future trends of Collective Investment Funds
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern. The Monmouthshire Farm Endowment Trust fund will not enter into any investment if it is outside the advice given by its Treasury advisors, which is updated monthly, weekly and daily according to the movements in the worldwide backdrop. This includes guidance on the maximum maturity of investments with approved counterparties.

3.10. New Investments made directly by the Monmouthshire Farm Endowment Trust Fund will be restricted in the following ways to ensure diversification and hence reduction of both credit risk and interest rate risk.

- A minimum of £40,000 (at the time of investment) needs to be held in investments which are sufficiently liquid such as cash or other investments less than one year so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments. The full remaining balance can be invested in Collective Investment funds to maximise returns if this is in line with the requirements of this strategy.



- The maximum monetary amount, which can be invested directly by the Monmouthshire Farms Endowment Trust Fund [MFETF] in any one Collective Investment Fund (at the time of the Investment), is 45% of the total MFETF investment balance.

The amounts invested are spread across different investment asset classes such as Property, Bonds and Equity to diversify and reduce overall risk. This spread should be viewed collectively with the funds invested by the Roger Edwards Educational Trust [REET] and from which the MFETF benefits. As the REET Investments are weighted towards Equity, it is not possible to achieve an equal split across asset classes but a level of between 20% and 45% for at least three of the asset classes should be aimed for.

- Up to 100% of the total investment balance can be held with Monmouthshire County Council or Instruments issued by the UK Government, if required
- Up to 100% of the total investment balance can be invested as term deposits, CDs or call accounts with banks and building societies. The maximum amount that can be invested with any one financial institution is £100,000, if of high credit quality (approx. 15% of the total MFETF investment balance) or £50,000 if approved by the Treasury advisors although not considered high credit quality.
- The maximum duration of term deposits and CDs with banks and building societies shall be in line with the ongoing advice given by the Trust's treasury advisors, which varies with world economic factors.

3.11. At the end of each financial year, the Trustees shall consider the actual return on investments and the extent to which the investment objectives have been achieved.

3.12. The Trustees shall observe the following constraints in pursuing the investment objectives:

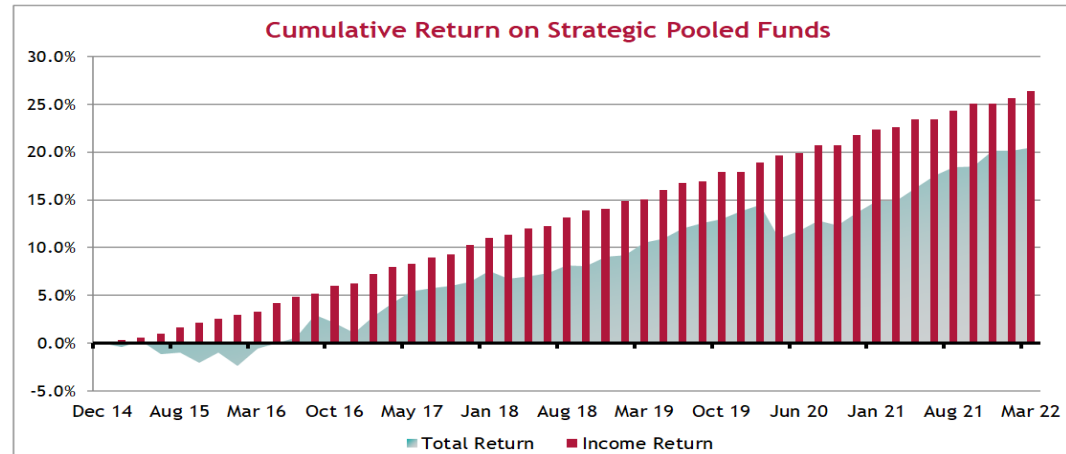
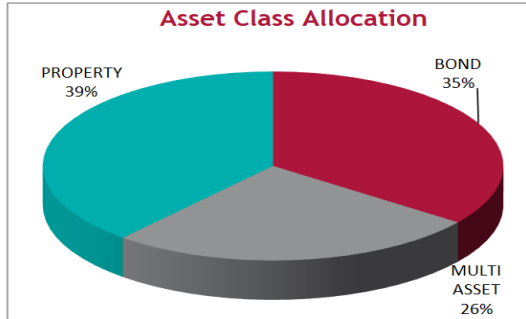
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council.
- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. Interest earned by the Authority and any investment losses incurred by the Authority will be apportioned proportionally between the Local Authority and Monmouthshire Farm Endowment Trust in line with the total investments held by each party.

*NB: Any investments that move outside of the above criteria with time will be reinvested within the above criteria on maturity.*

- 3.13. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 3.14. There is now more than 48 months' history to Monmouthshire Farms Trust's pooled fund holding. In capital terms, it should be remembered that the emphasis of the investment in the selected funds is based on a long-term strategy of a five-year rolling basis.
- 3.15. The values and performance of the investments since the date of acquisition are reported in the latest available Arlingclose report. as The income return on the pooled funds at the current time are close to or below the bank returns, the overall performance of the investments will be closely monitored, any exit strategy identified will ensure that due diligence will be followed. The latest available performance data is provided below,

STRATEGIC POOLED FUND PORTFOLIO			MONMOUTHSHIRE FARM SCHOOL ENDOWMENT FUND				From:	31/12/2014		To:	31/03/2022		
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	Capital Return annualised	Income Return annualised	
CCLA - COIF PROPERTY FUND	PROPERTY	193,705	247,381	18,381	76,312	6.3	8.03%	33.32%	41.35%	3.1%	1.24%	4.70%	
M&G CHARIBOND FUND	BOND	190,470	224,812	-25,188	45,852	6.7	-10.08%	18.34%	8.27%	3.3%	-1.57%	2.55%	
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	166,786	-33,214	57,056	7.2	-16.61%	28.53%	11.92%	6.2%	-2.50%	3.56%	
<b>GRAND TOTAL</b>			<b>638,979</b>	<b>-40,021</b>	<b>179,220</b>	<b>6.7</b>	<b>-5.89%</b>	<b>26.39%</b>	<b>20.50%</b>	<b>2.5%</b>	<b>-0.98%</b>	<b>3.55%</b>	

Unrealised capital loss since purchase: -40,021      Annualised income return: 3.55%

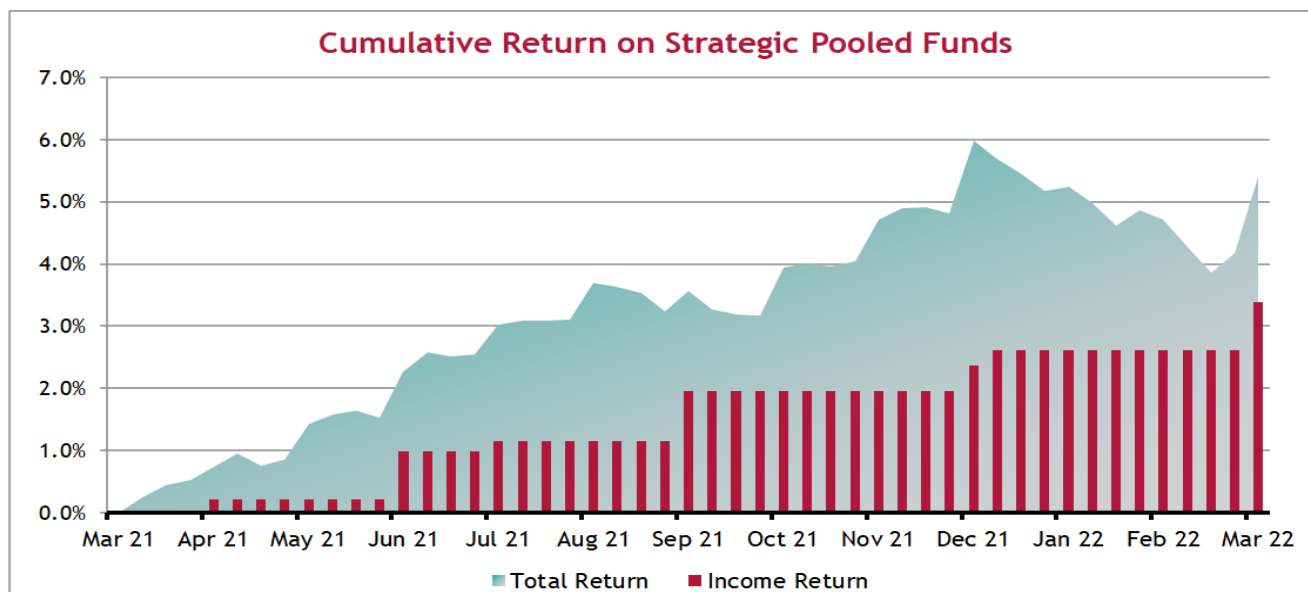
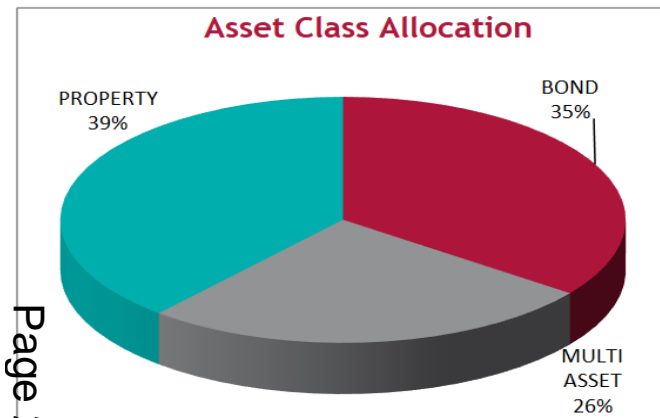


Please note the data above reflects the performance of the funds since inception as the funds were purchased on 29<sup>th</sup> January 2015. The below charts the performance of the funds during the 2021/22 financial year.

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
CCLA - COIF PROPERTY FUND	PROPERTY	193,705	247,381	32,136	10,847	1.0	14.93%	5.04%	19.97%	4.8%
M&G CHARIBOND FUND	BOND	190,470	224,812	-10,457	2,381	1.0	-4.44%	1.01%	-3.43%	1.8%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	166,786	-9,069	8,011	1.0	-5.16%	4.56%	-0.60%	3.9%
<b>GRAND TOTAL</b>			<b>638,979</b>	<b>12,610</b>	<b>21,239</b>	<b>1.0</b>	<b>2.01%</b>	<b>3.39%</b>	<b>5.40%</b>	<b>2.5%</b>

Unrealised capital loss since purchase: -40,021

Annualised income return: 3.39%



#### **4. Training**

- 4.1. The Section 151 Officer will ensure all staff are suitable trained to assist with this process and will organise awareness training to Trustees, Cabinet and Audit Committee where appropriate.

#### **5. Investment Consultants/ Treasury Advisors**

- 5.1. The Monmouthshire Farm Endowment Trustees use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to the investments is provided from publicly available data and is summarised to assist with decision making within the Authority. The information and advice encompass the level of risk of investments and the variety of options available.

## The Investment & Fund Strategy for the Welsh Church Act Fund 2023/24

### 1. Background

- 1.1. The Cabinet shall each year consider for approval an annual Investment Strategy. The Cabinet may also request submission of a longer-term investment strategy for approval. The Cabinet before implementation must approve any proposed in-year modification to the Investment Strategy.
- 1.2. This Welsh Church Fund Funds strategy shall be considered in conjunction with any review of the Trustees Investment Strategy.
- 1.3. Local Authorities are required by the Welsh Government's Investment Guidance to produce an Annual Investment Strategy. The Trustees of the Welsh Church Fund have elected to use this Guidance where practicable and relevant. The guidance emphasises an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds.
- 1.4. This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Welsh Church Fund and Monmouthshire County Council (the sole Trustee of the Welsh Church Fund).

### Interest Rate Forecast

- 2.1. The UK Bank Rate reached 4% in February following a 0.50% rise. Arlingclose forecast a further rise of 0.25% to see rates peak at 4.25% before cutting rates in the medium term. Arlingclose expect rate cuts in the first quarter of 2024 to a low of 3% by 2025, although the timing and extent of rate cuts remains highly uncertain. Risk is slightly weighted to the upside.
- 2.2. In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.
- 5.2. The Welsh Church Fund, by means of this Investment strategy is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and thereby reduce the underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.
- 2.3. The Welsh Church Fund is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

### 3. Annual Investment and Fund Strategy

- 3.1. The Cabinet shall invest Welsh Church Fund monies in accordance with Section 15 of the Scheme made by the County Council of Monmouthshire under Section 19 of the Welsh Church Act 1914.
- 3.2. In accordance with best practice, the Welsh Church fund must consider the three objectives of security, liquidity, and yield in relation to the investment of its funds when making any investment. Maintaining a high level of security of investment ensures the long-term income generating capacity of the fund. The liquidity or accessibility of a portion of the investments ensures in the short-term expenses of the fund can be met in full.
- 3.3. The Overall Fund Strategy of the Welsh Church Trust Fund is to generate investment returns which after meeting the expenses of managing the Fund, can be distributed to selected beneficiaries. The investment strategy is therefore to maximise returns commensurate with appropriate levels of security and liquidity. Investments in Collective Investment Funds are likely to result in fluctuations in principal. It is acceptable to allow this, if having taken appropriate advice; they are expected to be temporary in nature, in order to improve total returns over a 3 to 5 year' business cycle.
- At 31<sup>st</sup> March 2022, the Welsh Church Fund had £5.09m of Fixed Asset and Pooled Fund investments (market value) and £171,267 of cash.
- Financial Investments which do not meet the strict definition below of high credit quality and which have a longer-term Investment horizon can be made but only after consulting with the Fund's treasury advisors and the Deputy CEO / Chief Officer for Resources (S151 Officer) at Monmouthshire County Council, who represents the Trustees, to ensure the level of risk is in line with the Welsh Church Fund's other current investment options.
- 3.6. The types of investments vehicles that are permitted to be utilised by the WCF are as follows:

**Table 2: Investments**

Investment	Specified
Call accounts, term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills, or the UK Debt Management Office	✓
Collective Investment Schemes	✓

3.7. Investments can be taken out by the Fund without specific consultation to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and that they meet the “high credit quality” criteria determined by the Trustee and set out in paragraph 3.8 and are not deemed capital expenditure investments under Statute.

3.8. The Trustees and its advisors select countries and financial institutions after analysis and ongoing monitoring of;

- Published credit ratings for financial institutions (counterparties):
  - Investments are classed as having high credit quality if the lowest credit rating they have with Fitch, Moody’s and Standard & Poors’ is A-, A3 and A- or higher.
  - And a country rating of AA+ or equivalent for non-UK sovereigns
- Credit Default Swaps (where quoted)
- Sovereign Support mechanisms
- Economic fundamentals (for example Net Debt as a percentage of GDP) and economic trends
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Historical performance and expected future trends of Collective Investment Funds
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern. The Welsh Church fund will not enter into any investment if it is outside the advice given by its Treasury Advisors, which is updated monthly, weekly, and daily according to the movements in the worldwide backdrop. This includes guidance on the maximum maturity of investments with approved counterparties.

3.9. New Investments made directly by the Welsh Church Fund will be restricted in the following ways to ensure diversification and hence reduction of both credit risk and interest rate risk:

- A minimum of £300,000 needs to be held in investments which are of sufficient liquidity, these include cash or other investments with less than one year before maturity so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments.

- The maximum investment amount, which can be invested in any one Collective Investment Fund (at the time of investment) is 20% of the total investment balance. The amount invested should be spread across different asset classes such as Property, Bonds and Equity.
  - Up to 100% of the total investment balance can be held with Monmouthshire County Council.
  - Up to 100% of the total investment balance can be invested as term deposits or call accounts with banks and building societies. The maximum amount that can be invested with any one financial institution counterparty is 10% of the total investment balance.
  - The maximum duration of term deposits with banks and building societies shall be in line with the advice given by the Trust's Treasury Advisors, which varies with world economic factors.
- 3.10. At the end of each financial year, Governance & Audit Committee consider the actual return on investments and the extent to which the investment objectives have been achieved.
- 3.11. The Cabinet shall observe the following constraints in pursuing the investment objectives:
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council under section 19 of the Welsh Church Act 1914.
  - A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. Interest earned by the Authority and any investment losses incurred by the Authority will be apportioned proportionally between the Local Authority and Monmouthshire Welsh Church Act Fund in line with the total investments held by each party.
- NB: Any investments that move outside of the above criteria with time will be reinvested with the above criteria on maturity.*
- 3.12. There are currently no ethical constraints on investment funds, this policy could be amended if there were changes to charity law or other requirements.
- 3.13. A commitment was made by the Trustee's in September 2022 to investigate how responsibly the Trustee invests its cash balances, and to develop a sustainable investment policy that is compatible with the Declaration of a Climate Emergency and the Well Being of Future Generations Act. It is noted that the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investment funds or bodies are multifaceted which makes current evaluation increasingly



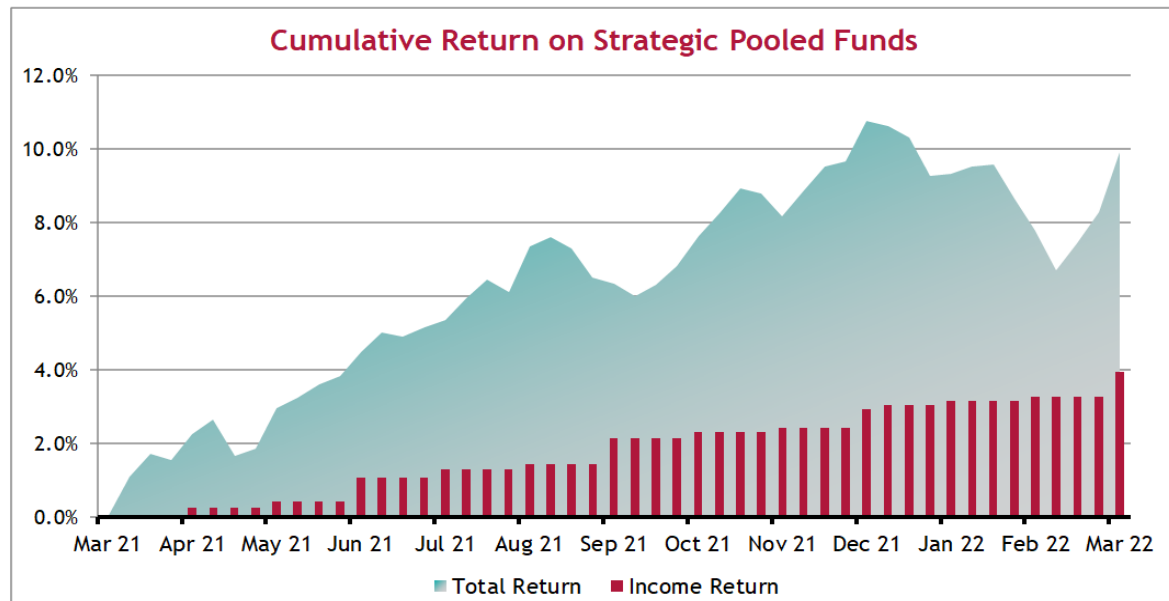
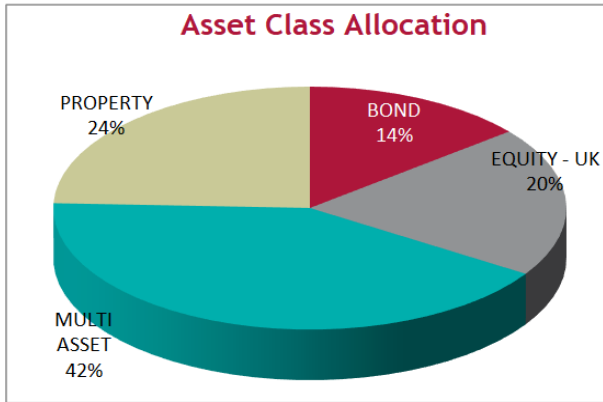
difficult. The Trustee will continue through 2023/24 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied.

- 3.14. As a consequence, any funds invested directly with or held by the Trustee during 203/24 will be subject to their ESG policy as outlined below.
- 3.15. **ESG policy:** Environmental, Social and Governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Trust's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 3.16. Performances of the externally managed pooled funds of the Welsh Church Fund for the 12 months to March 2022 are set out below. These investment funds will be reviewed in 2022/23 to ensure that they are fulfilling the criteria of income generation and capital sustainability, especially in light of a higher interest rate environment.
- 3.17. The dividend income earned from this portfolio, shown by the maroon bars, was £173,444 for the 12 months until March 2022.

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
CCLA - COIF INVESTMENT FUND	MULTI ASSET	67,524	1,312,841	104,730	36,288	1.0	8.67%	3.00%	11.67%	8.3%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	1,135,853	147,552	49,806	1.0	14.93%	5.04%	19.97%	4.8%
M&G CHARIBOND FUND	BOND	558,982	659,767	-30,688	6,987	1.0	-4.44%	1.01%	-3.43%	1.8%
M&G CHARIFUND	EQUITY - UK	34,796	549,675	37,336	26,097	1.0	7.29%	5.09%	12.38%	10.1%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	379,948	37,088	24,427	1.0	10.82%	7.12%	17.94%	11.7%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	621,268	-33,780	29,839	1.0	-5.16%	4.56%	-0.60%	3.9%
<b>GRAND TOTAL</b>			<b>4,659,351</b>	<b>262,238</b>	<b>173,444</b>	<b>1.0</b>	<b>5.96%</b>	<b>3.94%</b>	<b>9.91%</b>	<b>4.1%</b>

Unrealised capital gain since purchase: 596,543

Annualised income return: 3.94%

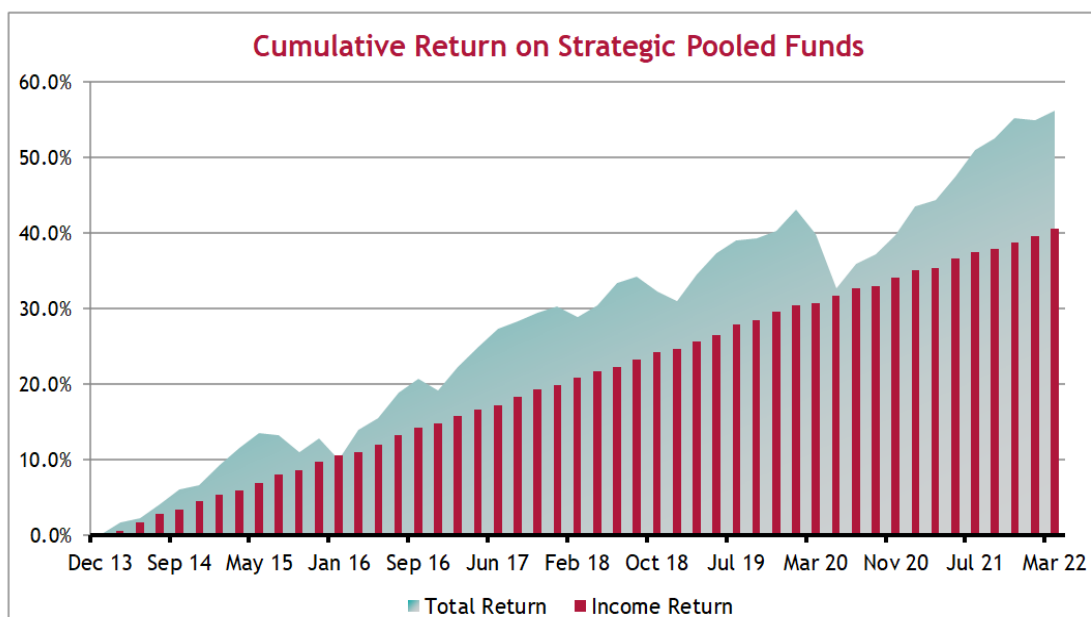
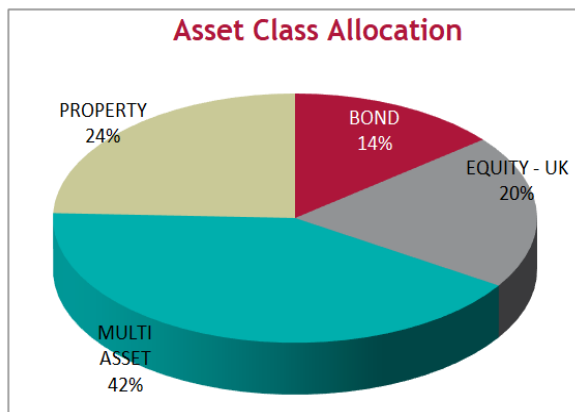


3.18. The values and performance of the investments from the date of investment is reported in the latest available Arlingclose report, are as follows:

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	Capital Return annualised	Income Return annualised
CCLA - COIF INVESTMENT FUND	MULTI ASSET	67,524	1,312,841	532,179	296,229	8.2	68.17%	37.95%	106.12%	7.7%	6.51%	3.98%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	1,135,853	300,795	454,395	8.2	36.02%	54.41%	90.44%	3.3%	3.80%	5.41%
M&G CHARIBOND FUND	BOND	558,982	659,767	-25,545	185,359	8.2	-3.73%	27.05%	23.32%	3.8%	-0.46%	2.95%
M&G CHARIFUND	EQUITY - UK	34,796	549,675	48,906	207,645	8.2	9.77%	41.47%	51.23%	9.1%	1.14%	4.30%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	379,948	-120,052	248,227	7.8	-24.01%	49.65%	25.63%	8.3%	-3.48%	5.34%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	621,268	-106,125	243,637	8.2	-14.59%	33.49%	18.90%	4.8%	-1.89%	3.57%
<b>GRAND TOTAL</b>			<b>4,659,351</b>	<b>630,157</b>	<b>1,635,491</b>	<b>8.2</b>	<b>15.64%</b>	<b>40.59%</b>	<b>56.23%</b>	<b>4.1%</b>	<b>1.37%</b>	<b>4.22%</b>

Unrealised capital gain since purchase: 596,543

Annualised income return: 4.22%



**Welsh Church Fund’s Bank Account**

3.19. The Welsh Church Fund holds cash with Barclays Bank. At the current time, it meets the minimum credit criteria.

**4. Training**

4.1. The Authority, acting as Trustee to the Welsh Church Fund, will ensure that suitable awareness training is provided to members of the Governance & Audit Committee and Cabinet to enable them to discharge their scrutiny function together with such wider training as may be required from time to time.

**5. Investment Consultants/ Treasury Advisors**

5.1. The Welsh Church Fund use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to investments is provided from publicly available data and is summarised in order to assist with decision making within the Authority. The information and advice encapsulate the level of risk of investment and the variety of options available.

## Monmouthshire Farm Endowment Trust – Risk Assessment Policy 2023/24

The financial assistance provided by the Monmouthshire Farm Endowment Trust is to support the advancement of education in agriculture and related subjects at college. Annually, monies are distributed to students and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available.

An assessment of the risks faced by the Monmouthshire Farm Endowment Trust has been undertaken and steps taken to:

- avoid risks through alternative strategies
- limit and reduce risks by improving controls
- insure against specified risks

On an annual basis, the risk assessment will be reviewed and updated to include any new risks identified.

The risks identified have been encompassed within four categories:

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- governance & management
- operational risks
- financial risks
- compliance risk

Monmouthshire County Council as custodian and administrator of the Monmouthshire Farm Endowment Trust manage the fund on the Trustees behalf through the Cabinet and make all risk and investment decisions in a unified risk policy.

The following paragraphs list the risks identified & the steps taken to mitigate or eliminate the risk.

### 1. Governance & Management

#### (a) The fund lacks direction?

The activities of the Fund are governed by the guidance in Section 4 of the Charity Act 2000.

The Cabinet has a clear purpose to maximise the return on its investments and this is contained within the investment policy.

**(b) There are conflicts of interest?**

Cabinet members are elected in accordance with the electoral cycle and are required to conduct themselves in-line with the Authority's Code of Conduct.

Members are required to declare any interests related to the activities of the Trust and may not vote on these decisions. These matters are recorded in the official minutes.

Members allowance and expense payments are not charged to the Monmouthshire Farm Endowment Fund.

**(c) Funds are used in-appropriately?**

The purpose for which funds can be used is contained within the objectives of the trust.

**(d) Key staff, leave the Council's employment?**

The actions of Officers of the Council are determined by Delegated Powers.

A number of senior Council staff support and advise the Trustees on legal & financial matters.

**(e) Inadequate information is provided to the Trustees?**

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made available.

Variances between the anticipated & actual investment income will be reflected in the following year's grants.

**2. Operational Risks**

**(a) Unsuitable staff support and advise Cabinet?**

Monmouthshire County Council has a comprehensive recruitment process that is supported by a wide range of personnel policies.

The training & development needs of officers are identified through the Employee Review process.

A number of senior Council staff support and advise Cabinet on financial and legal matters.

**(b) Systems & procedures are not secure?**

Systems & procedures are documented & document retention policies are in place. IT systems have data back-up arrangements & disaster recovery plans. Periodic audits identify internal control improvement requirements. Insurance provides a means to recover from specified losses.

**(c) Stakeholders are not satisfied with the operation of the Fund?**

The Scheme made by the Trustees provides for the advancement of education in agriculture and related subjects at college.

The Trustees consider annual reports on the financial performance of the Trust.

The Trustees consider annually the level of funding available for grants.

**(d) The assets of the Fund are at risk?**

In accordance with the investment policy, a number of constraints are placed upon the way in which monies are used.

A risk minimization strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

**(e) Unsatisfactory returns on investment are achieved?**

The reserves policy requires monies be invested in financial instruments which produce interest payments and there is no appreciation in the capital value of the investment.

The overall aim is to obtain a satisfactory rate of return enabling Trustees to distribute an amount based on the forecast return on investments during the current year, after meeting the expenses incurred in managing the fund.

Annually, the Trustees consider the actual return on investments and the extent to which the investment objectives have been achieved.

### **3. Financial Risks**

**(a) Budgetary control is inadequate?**

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made.

Variance between the anticipated and actual investment income will be reflected in the following year's grants.

**(b) Financial administration is unsatisfactory?**

Monmouthshire County Council personnel policies and procedures ensure Officers are appropriately qualified for the roles undertaken.

Internal control arrangements ensure there is division of duties amongst Officers. Periodic audits review the internal control arrangements.

**(c) Financial losses arise due to speculative investment?**

The investment policy prescribes a risk minimisation approach that can limit the investment of funds to institutions meeting specified criteria.

**(d) Financial losses arise from fraud or error?**

The internal control arrangements are based upon segregation of duties. Periodic audits review the internal control arrangements. Insurance provides a means to recover from specified losses.

**4. Compliance Risk**

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**(a) Failure to comply with legislation / regulations?**

The activities of the Fund are specified within objects of the Trust. The nature and format of financial reporting is specified by the Charity Commission and an external audit of the accounts is mandatory. Senior Council staff support and advise Cabinet on legal and financial matters.



## Welsh Church Fund – Risk Assessment Policy 2023/24

The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed, and the key risk faced by the Welsh Church Fund is a loss or reduction in the amount of monies available.

An assessment of the risks faced by the Welsh Church Fund has been undertaken and steps taken to:

- avoid risks through alternative strategies
- transfer risks to others
- limit and reduce risks by improving controls
- insure against specified risks

On an annual basis, the risk assessment will be reviewed and updated to include any new risks identified.

The risks identified have been encompassed within four categories:

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- governance & management
- operational risks
- financial risks
- compliance risk

The following paragraphs list the risks identified & the steps taken to mitigate or eliminate the risk.

### 1. Governance & Management

#### (a) The fund lacks direction?

The activities of the Fund are specified by the Scheme made by the County Council of Monmouthshire under section 19 of the Welsh Church Act 1914.

The Cabinet has a clear purpose to maximise the return on its investments and this is contained within the investment policy.

The Cabinet is accountable to the Councils within the Greater Gwent area.

**(b) There are conflicts of interest?**

Members of the Cabinet are elected every 4 years and are required to conduct themselves in-line with the Code of Conduct.

Members are required to declare any interests related to the activities of the Cabinet and may not vote. These matters are recorded.

Members allowance and expense payments are not charged to the Welsh Church Fund.

**(c) Funds are used inappropriately.**

The Charitable purposes for which funds can be used is contained within the Scheme made by Monmouthshire County Council, which is also implemented by the other constituent authorities within the Monmouthshire Welsh Church Fund Scheme. The Trust has set criteria to assist constituent authorities in making grant distributions and to ensure that there is transparency in decision-making and due process. The Trust will ensure that grant distributions have been made in accordance with the scheme in place and within the set criteria developed.

The investment and fund strategy prescribes a risk minimisation approach, with funds only placed with institutions meeting specified criteria.

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**Key staff leaving the Council's employment?**

The actions of Officers of the Council are determined by Delegated Powers.

A number of senior Council staff support and advise the Cabinet on legal & financial matters.

**(e) Inadequate information is provided to the Cabinet?**

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

Variances between the anticipated & actual investment income are taken into consideration in the following year's grant awards to the constituent Councils.

**2. Operational Risks**

**(a) Unsuitable staff support and advise the Cabinet?**

Monmouthshire County Council has a comprehensive recruitment process that is supported by a wide range of personnel policies.

The training & development needs of officers are identified through the Employee Review process.

A number of senior Council staff support and advise the Cabinet on financial and legal matters.

**(b) Systems & procedures are not secure?**

Systems & procedures are documented & document retention policies are in place. IT systems have data back-up arrangements & disaster recovery plans. Periodic audits identify internal control improvement requirements. Insurance provides a means to recover from specified losses.

**(c) Stakeholders are not satisfied with the operation of the Fund?**

The Scheme made by the County Council of Monmouthshire provides for financial assistance to be made available for a wide range of community activities.

The Authority's Audit Committee considers annual reports on the financial performance of the Fund.

The Constituent Councils also consider annually the level of funding available for community activities.

**(d) The assets of the Fund are at risk?**

In accordance with the investment policy, a number of constraints are placed upon the way in which monies are used. A risk minimisation strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

The proposed Investment and Fund Strategy for 2023/24 for the Welsh Church Fund includes scope for investment in pooled investment funds (Collective investment funds).

**(e) Unsatisfactory returns on investment are achieved?**

The fund strategy requires monies be invested in financial instruments which produce interest payments and where there is no long-term depreciation in the capital value of the investment.

The proposed Investment and Fund Strategy for 2023/24 allows for the continued use of pooled investment funds. This does increase the risk that the principal amounts held can go down as well as up in value. This is suited to the Welsh Church Fund as the Trust can tolerate these movements over a business cycle. The movements are expected to be neutral over a business cycle and the earning power of these investments is not largely affected by the market value.

The overall aim is to obtain a satisfactory rate of return enabling the Cabinet to distribute an amount based on the actual return on investments achieved during the preceding twelve-month period plus any accumulated capital receipts, after meeting the expenses incurred in managing the fund.

Annually, the Cabinet considers the actual return on investments and the extent to which the investment objectives have been achieved. Benchmark information is available from the Authority's Treasury Management Advisors for jointly invested funds with the Council.

### **3. Financial Risks**

#### **(a) Budgetary control is inadequate?**

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

Variance between the anticipated and actual investment income will be reflected in the following year's grants to the constituent Councils.

#### **(b) Financial administration is unsatisfactory?**

Donmouthshire County Council personnel policies and procedures ensure officers are appropriately qualified for the roles undertaken.

Internal control arrangements ensure there is division of duties amongst officers.

Periodic audits review the internal control arrangements.

#### **(c) Financial losses arise due to speculative investment?**

The investment policy prescribes a risk minimisation approach that can limit the investment of funds to institutions meeting specified criteria.

#### **(d) Financial losses arise from fraud or error?**

The internal control arrangements are based upon segregation of duties.

Periodic audits review the internal control arrangements.

Insurance provides a means to recover from specified losses

### **4. Compliance Risk**

#### **(a) Failure to comply with legislation / regulations?**

The activities of the Fund are specified within the Scheme made by the County Council of Monmouthshire.

The nature and format of financial reporting is specified by the Charity Commission and an external audit of the accounts is mandatory.

A number of senior Council staff support and advise the Cabinet on legal and financial matters.

Ensure that the Welsh Church Fund is administered in line with the Charities Act 2011.



monmouthshire  
sir fynwy

## Integrated Impact Assessment document (incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

<b>Name of the Officer</b> D Jarrett <b>Phone no: 4657</b> <b>E-mail: davejarrett@monmouthshire.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b> To assess the 2023/24 Budget, Investment & Risk Management Strategies of the Welsh Church Fund and Mon Farm Education Trust
<b>Name of Service</b> Finance	<b>Date Future Generations Evaluation</b> 01st March 2023

Page 272 **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Positive impact as most community groups who apply support the elderly. Also, educational grants awarded to young people applying to the Trusts	None identified	
Disability	Positive impact as grants awarded to groups and individuals that either support the disabled or have a disability	None identified	
Gender reassignment		No restrictions on applicants	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Marriage or civil partnership	No impact	No restrictions on applicants	
Pregnancy or maternity	No impact	No restrictions on applicants	
Race	No impact	No restrictions on applicants	
Religion or Belief	Encouraging religion through education at the point of delivery through the provision of enhanced facilities	No restrictions on applicants	
Sex	No impact	No restrictions on applicants	
Sexual Orientation	No Impact	No restrictions on applicants	

## 2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.

	<b>Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage</b>	<b>Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>

<b>Socio-economic Duty and Social Justice</b>	N/A	No Negative impact	
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### 3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
<b>Policy Making</b> Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably	N/A	No Negative impact	
<b>Operational</b> Recruitment & Training of workforce	N/A	No Negative impact	
<b>Service delivery</b> Use of Welsh language in service delivery Promoting use of the language	N/A	No Negative impact	




**4. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A prosperous Wales</b>	Grants are awarded to help with infrastructure	No negative impacts as grants given to assist in

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
Efficient use of resources, skilled, educated people, generates wealth, provides jobs	projects on cultural and community assets that help sustain jobs in the community for skilled tradesmen and stimulate educational well being	providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Environmental schemes can benefit from funding awards to assist in drainage, water course management and flood alleviation works	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	Grants assist in providing facilities for groups / individuals that help residents participate in sporting / recreational clubs that have a positive mental impact both physically and in the environment that the clubs operate within.	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Community groups and individuals can apply for funding for projects that enhance their local community facilities and environment	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Restrictions are imposed in regard to the nature and purpose that grants can be made to ensure that funding enhances or doesn't have any negative impact upon activities carried out in Monmouthshire that affect the global environment	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Assists applicant organisations / individuals to promote recreational participation and organization of sports clubs and associations. Applicants can use the funds provided to enhance the heritage and culture of Monmouthshire through community projects and groups	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	Grants are generally only given to organisations / individuals can prove a basis of need due to their own personal circumstances or collective need for improvement to cultural or environmental infrastructure or help further community	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
	participation	

**5. How has your proposal embedded and prioritised the sustainable governance principles in its development?**

<b>Sustainable Development Principle</b>	<b>Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.</b>	<b>Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
 <p><b>Long Term</b></p> <p>Balancing short term need with long term and planning for the future</p>	Schemes of a capital nature tend to draw more substantial awards which will ensure longevity of assets and project outcomes. The application process also ensures that those applicants that demonstrate a need for short term financing also have due consideration when funding is allocated	The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.
 <p><b>Collaboration</b></p> <p>Working together with other partners to deliver objectives</p>	The Trusts assist applicants in achieving their objectives by providing part or full funding for implementation of their project goals.	Not Applicable to the Trusts
 <p><b>Involvement</b></p> <p>Involving those with an interest and seeking their views</p>	The Committee seek to ensure that those directly involved with the applicants and decision makers are informed of all the necessary information to make informed beneficial decisions	The Trust report is distributed to interested parties for consultation and amendment before final confirmation at Cabinet

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Funding is provided for preventative as well as remedial schemes in regard to infrastructure and community assets and supporting community groups with social and cultural activities</p>	<p>The trusts have developed investment strategy policies in order to facilitate greater income returns in order to distribute to qualifying applicants</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>Positive impacts are made on all successful applicants to the Trusts as funding is provided for economic, cultural, environmental, and educational needs as demonstrated by the applicants on their application forms</p>	<p>The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.</p>

**6. Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?**

	<b>Describe any positive impacts your proposal has</b>	<b>Describe any negative impacts your proposal has</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Grants are awarded to organisations that assist children in need either through their health or social deprivation. Awards are also made to Community Children's Group's that assist in their integration in social patterns	No negative impact	
Corporate Parenting	Not applicable to the Trust		

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**What evidence and data has informed the development of your proposal?**

The Arlingclose Ltd Monmouthshire County Council Investment Strategy Review 2021.  
 The Arlingclose Ltd Monmouthshire Mon Farm Education Investment Strategy Review 2021.  
 The Draft Provisional Settlement from Welsh Government 2023/24.  
 The Welsh Church Act Fund Audited Accounts 2020-21 and  
 The Monmouthshire Farms School Endowment Trust Fund Accounts 2020-21.

**8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

The proposals that support the distribution of charitable grants from the trusts are positive in that they support individuals, community and environmental groups in their pursuit of enhancing the culture, environment and personal wellbeing of people covered by their demographic remits. The application of the Investment and Risk Strategies are designed to provide the maximum amount of investment returns to provide funds to support those applicants to the fund without substantially diminishing the Capital value of the Trust Funds.

**9. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

<b>What are you going to do</b>	<b>When are you going to do it?</b>	<b>Who is responsible</b>
Distribute Grants	Throughout the financial Year 2023-24	Welsh Church Fund Committee

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**VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision-making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.**

<b>Version No.</b>	<b>Decision making stage</b>	<b>Date considered</b>	<b>Brief description of any amendments made following consideration</b>
1	Cabinet	01st March 2023	

## WELSH CHURCH FUND PRINCIPLES, POLICY CONSIDERATIONS AND GRANT ALLOCATION CRITERIA – 2023-24 FUNDING YEAR

### Basic Principles of the Welsh Church Fund Trust

The basic principle is that the charity needs to be independent of the local authority. This means that decisions about the administration of the charity need to be taken solely in the interests of the charity to further its charitable purposes, and for no other purpose.

There are also a number of duties the trustee must consider when making this type of decision. If these duties are met, then the trustee can be confident that the decision about how to apply the charity's income is reasonable and defensible. Therefore, again, the trustee must act only in the charity's best interest and meet the duties to:

1. Act within the powers conferred upon them and the established rules and procedures for dealing with issues of the kind under consideration.
2. Adequately inform themselves in order to make the decision in question, where necessary making further enquiries and where appropriate considering legal or other professional advice.
3. Consider any factors which they should take into account.
4. Not take into consideration any factors which are not relevant.
5. Act in good faith (and this includes managing conflicts of interest).
6. Make a decision within the range of decisions which a reasonable body of trustees could have made.

The decision and the reasoning must also be clearly recorded in the charity's minutes.

### Policy Considerations for Charity Trustee

1. Make sure the trustee is clear about the objects of the charity as set out in its governing document as these dictate how any such asset may be used, in accordance with charity law.

2. Make sure that the Welsh Church Fund's assets, for which the council is the trustee, are managed independently in accordance with their charitable purpose and any restrictions in the governing document.
3. Recognise that the charity trustees have a duty to be prudent and to act solely in the best interests of the charity.
4. Ensure that there are in place clear procedural guidelines for the Officers and Councilors about their roles, responsibilities and decision making in the administration of the charitable fund.
5. Ensure we have a clear process for identifying and managing any conflicts of interest that arise where the local authority is the trustee of a charity.

## **Allocation Criteria for the Welsh Church Fund Working Group**

### **Groups and individuals that benefit from grant allocations**

Churches and Religious Groups tend to be given higher awards as it is the Welsh Church Fund.

Church Parish's

Community Groups and Charities

Sports and Recreation Clubs

Environmental Groups

Individuals that have an identified and proven need of financial assistance

Other deemed charitable causes by the Working Group Committee

### **Allocation Policy and Principles**

Awards are only given on the existence of a proven financial need as identified by a sponsoring Councillor in the first instance and the Welsh Church Fund Working Group Committee in the main instance.



**Existing policy of no allocations to Community or Town Councils**

**Existing policy of no allocations to Private Business's**

**Existing policy of no allocations to other Public Bodies**

**Existing policy of not supporting the day to day running expenses except in exceptional circumstances as clubs / organisations should be self supporting and not rely on WCF money for their continued existence.**

**Existing policy of only Churches being allowed to re-apply every year to be maintained, though, those applications will only be considered where the application is for a different and distinct purpose.**

**Existing policy of restricted or no allocations for day trips or trips that will not benefit the County by an individual's subsequent personal actions**

**The trust currently has a policy of dropping an application if deferred for further information at the first meeting, if then subsequently that information is not received by the next meeting date. This policy will continue. Emphasis on sponsoring Councillor to ensure sufficient evidence is presented along with application.**

**Any assistance to schools or educational establishments that come under the general umbrella of MCC will ONLY be assessed in light of the merit and purpose of the application and in consideration and conjunction with any future Children and Young People's policy in relation to School Welfare and Support groups.**

**Confirm a Policy that no undergraduates will be supported as they all have access to funding from Student Finance Wales.**

**Confirm the Policy that the trust will continue to only pay grant awards by BACS payments in line with current MCC payment guidelines and to save the Trust from excessive and unnecessary administrative charges.**

**Confirm the Policy that applications will only be accepted on the current application form as currently posted on the MCC Website (The Welsh Church Fund: Monmouthshire County Council) as this will contain all the currently required information.**

**Confirm the Policy that the Councillor signing the application ensures that the application qualifies for funding under the Charitable Purposes of the Trust as posted on the MCC website.**

**Confirm the Policy that when a Councillor signs an application to the Welsh Church Fund that they are fully aware of the purpose to the application and ensure that they have seen any supporting evidence or documentation required to support the application (i.e.**

Accounts, Bank Statements, letters of representation etc.) and ensure that it is submitted with the application in order that the Working Group Committee can make an informed and timely decision at the first meeting.

Confirm the principle of restricted awards or no grant allocations to organisations that receive direct financial support from MCC or any other Local Authority for Administrative expenses.

Support the principle that applicants should show effort and willing in raising funds themselves as well as expecting grant aid from the Welsh Church Fund.

Principle that there is a defined financial pot that has to be shared equally between deserving applicants and throughout the financial year. Any remaining funds at the financial year end will be carried forward to the next financial year.

Continuation of the policy that the budget for the next financial year is recommended by the Section 151 Officer of Monmouthshire County Council as they are in the best possible position to assess future financial performance and financial assets available for distribution in light of the Charity's policy to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure.

For the financial year 2022/23 that there is no maximum grant award imposed on all non individual applications and that a maximum award of £500 is imposed upon applicants by individual applicants. This limit will be reviewed annually once a decision has been made on the grant distribution for the next financial year by the Trustee.

The Working Group Committee has the right to set a Policy / Principle that is binding at any Committee meeting in the future if it is regarded to be in the best interest of the Trust even if a precedent may have been set by a past decision.

The Working Group Committee will set out the Principles and Policies for each financial year at the last meeting of the previous financial year.

NO appeal procedure will be allowed against grant application decisions made by the Working Group Committee. If a sponsoring Councillor would like to resubmit an application for review on a decision that has been made by the Working Group Committee, then new material evidence that was not available at the previous meeting must be presented.

A conflicts of interest procedure has been ratified. Councillor's that are associated with any application are asked too:

- a) declare their interest,
- b) may remain in the room and remain silent
- c) be allowed to present the case or relevant points if requested by the chair for clarification purposes only
- d) be part of any application re-consideration process only at the request of the chair for clarification purposes

**The Working Group Committee has the overall right to dismiss any application they feel is inappropriate for funding even though it may qualify under the Charitable Purposes to which the fund maybe applied, as they feel it would not be in the best interests of the Charity.**

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**SUBJECT: REVENUE & CAPITAL BUDGET MONITORING 2022/23  
– MONTH 9 FORECAST**

**MEETING: CABINET**

**DATE: 1<sup>st</sup> March 2023**

**DIVISION/WARDS AFFECTED: ALL**

## 1. PURPOSE:

- 1.1. The purpose of this report is to provide Members with information on the Authority's financial forecasts for the 2022/23 financial year in respect of the revenue budget, capital programme, and associated reserves position.

## 2. RECOMMENDATIONS:

- 2.1. That Cabinet recognises a net improvement of £1.62m since the previous revenue budget forecast that results in a forecast over spend at month 9 of £7.53m.
- 2.2. That Cabinet note that this is driven primarily by incorporating the budget recovery plan into forecasts at month 9, along with substantial unbudgeted grant funding notified in respect of Children's services that is significantly offset by further costs within the service.
- 2.3. That Cabinet note that the overall revenue budget outturn as currently forecast would need to be subsidised by £3.4m of capital receipts which are being used to fund identified eligible expenditure under the flexible use of capital receipts directive.
- 2.4. That Cabinet notes the update to the budget recovery plan as outlined in **table 3**. This projects that a draw on revenue reserves of £6.06m will now be required to ensure a balanced outturn position is achieved; representing an increase of £1.06m in the contribution anticipated to support the budget recovery plan from month 6.
- 2.5. That Cabinet recognise:
- the implication of drawing on the level of useable revenue reserves to this degree in 2022/23,
  - the usage also being proposed to assist the 2023/24 budget,
  - the trend of budgetary over spends in high cost service areas, and wider economic uncertainty.
- 2.6. That Cabinet note the financial risk represented by the current volatile environment in Adult's and Children's services and require the respective Chief Officers and the Responsible Financial Officer to continue to closely monitor and manage operational and financial performance to ensure that all possible remedial action is taken to constrain cost and that this is reported to the Cabinet Portfolio Holder regularly.

- 2.7. That Cabinet require the Responsible Financial Officer to make consideration of strengthening the reporting of budget forecasts and savings progress during 2023/24.
- 2.8. Cabinet considers the forecast capital outturn spend of £61.8m as outlined in **appendix 1** that currently indicates a forecast over spend of £183k, noting the continuing difficulty in delivering capital projects to their allocated budget in the current challenging economic environment.
- 2.9. That Cabinet note the forecast 100% delivery of the budgeted mandated savings as detailed in **appendix 2** and as approved as part of the budget set by full Council.
- 2.10. Cabinet notes the extent of forecast movements in Schools reserve usage contained in **table 6**, and **appendices 1 & 3** which highlight the possibility of a further nine schools entering a deficit reserve position by the end of the financial year.

### 3. KEY ISSUES:

#### Context

- 3.1. In setting the 2022/23 budget there was an expectation that the Council would see a gradual return to a more stable operating environment relative to the last two years, with the direct impacts of the pandemic potentially set to ease.
- 3.2. There was a known and accepted risk that the Welsh Government Hardship fund would end and that the challenges experienced in achieving historic income levels would continue, and that the permanent change in national policy initiative around the needs of the homeless would not be adequately funded by Welsh Government.
- 3.3. The budget round therefore saw £10.1m of budget pressures accommodated, notably around the expected levels of pay; Additional learning needs demands; increasing demand and complexity of Children's care cases; increasing demands upon adult social services and; significant service pressures within the passenger transport unit and within recycling and waste.
- 3.4. It was therefore disappointing that despite accommodating the above pressures into the 2022/23 budget, that significant further in year service pressures had materialised during the year, with many of these pressures developing in the same key areas that have been provided additional support in the budget.
- 3.5. The first budget forecast of the year carried out at the end of July 2022 saw an unprecedented forecast over spend against budget of £8.8m. The most concerning aspect was the combined speed and scale that these cost pressures had developed following a balanced budget being set just four months earlier.
- 3.6. Whilst officers rightly revisited the robustness of the budget process undertaken, what became apparent from the outset of the financial year was the immediate and significant impact that the deterioration in the wider economic environment was placing upon Council

services. Record price rises on goods and services, supply chain disruption, soaring energy costs, increased interest rates, and recruitment challenges immediately placed unprecedented pressures upon the demand and cost of service delivery.

- 3.7. With the Cost of living crisis having a significant impact on our communities, there has been a growing demand for additional Council services, a reduced call on income generating services, and impacts upon debt recovery. The wider and longer lasting impact of the pandemic has continued to be felt in the areas of Homelessness, Children’s services, Adult social care and Children’s additional learning needs.
- 3.8. Against this backdrop, Cabinet immediately required Chief Officer’s to develop a range of appropriate budget recovery measures to look to arrest the over spend position, whilst noting that the ongoing operating environment and complex external dynamics in place would severely restrict the options available.
- 3.9. To this end, the month 6 report at the end of September 2022 put forward a package of budget measures to combat what was now an updated forecast over spend of £9.15m. These measures relied upon driving service efficiencies, maximising income levels, and extending the flexible use of capital receipts to support the revenue budget. Where all of these service based measures were exhausted, the subsequent deficit was then forecast to be met from useable revenue reserves.

### **Month 9 forecast**

- 3.10. **Table 1** below summarises a forecast £7.5m net over spend against the Council’s revenue budget for the year.

**Table 1: 2022/23 Revenue budget forecast as at Month 9**

Directorate	Total budget for the year	Total forecast expenditure / (income)	Total forecast variance to budget	Variance as a % of budget
	£000's	£000's	£000's	%
Social Care, Health & Safeguarding	58,557	64,335	5,778	9.9%
Children & Young People	59,416	60,343	927	1.6%
Communities & Place	24,017	23,410	(607)	-2.5%
Monlife	5,074	5,326	251	5.0%
Chief Executive Unit	3,190	2,965	(225)	-7.1%
People & Governance	4,936	5,014	79	1.6%
Resources	7,973	8,308	335	4.2%
Corporate	23,603	25,480	1,877	8.0%
Appropriations	5,933	5,486	(447)	-7.5%
Financing	(192,699)	(193,136)	(437)	0.2%
<b>Total</b>	<b>0</b>	<b>7,531</b>	<b>7,531</b>	

- 3.11. The updated forecast at month 9 represents a net improvement of £1.62m since the previous revenue budget forecast. However, this is driven primarily by incorporating the

service budget recovery plan that had been identified at month 6 into the forecast at month 9 which has improved the overall forecast by £1.83m.

- 3.12. When disregarding the inclusion of the service recovery plan, it is important to note that there has been a further deterioration in service forecasts between month 6 and month 9 of £202k due to:
- A further net increase in expenditure of £67k within Children's Services where costly emergency arrangements continue despite stable overall numbers of looked after children. It is important to note that this net position is after allowing for unbudgeted grant of £1.1m that has been notified since month 6, and therefore the gross deterioration in overall cost is £1.167m.
  - £240k additional ALN transport pressures due to increased operator costs. This is a combination of agreed contract uplifts to cover pay and fuel inflation (average 8%) plus increases as a result of operator hand-backs pushing up prices on re-tendering due to market forces.
  - A shortfall of £360k against the identified service recovery target of £2.185m, with the deficit primarily falling within the Social Care directorate.
- 3.13. The deteriorating position is again disappointing and predominated by the continuing concerning position within Social Care which is subject to complex internal and external dynamics in respect of Children's care placements, the complexity and demand of Adults care needs, the interplay with Health, and the well documented market issues that are both leading to difficulty recruiting and retaining care staff, and increasing external provider costs.
- 3.14. The volatility of Social care costs continues to present a significant ongoing risk to the final outturn position for the year. Forecast costs for the year have increased at every reporting period and have been masked at month 9 by the notification of substantial unbudgeted grants in relation to Children's services of £1.1m. Overall, within Children's services there has been a gross deterioration in cost of circa £1.167m since month 6 with further fee increases and new children coming into care into costly placements. The volatility within children's services and reliance on emergency arrangements continue to provide a high level of risk to further levels of over spend developing through to year end. Further work is being undertaken to identify potential future risk of cost within Children's Services (e.g. placement breakdown or deterioration in family safeguarding arrangements).
- 3.15. Immediate arrangements have been put in place to closely manage and constrain cost wherever possible, whilst having regard to the challenging parameters that have been documented above. In the short term, in Children's services this centres itself around reviewing and planning packages of care with a view to progressing care plans using less costly arrangements, whilst in Adults services the steps in place to re-focus our internal teams to reable clients is intended to avoid the need for more costly care packages.
- 3.16. It is however recognised that the ability to constrain costs within such a complex operating environment and where strict statutory responsibilities are designated upon the Council is



challenging when looking beyond simple value for money considerations. The detailed work to understand, manage and transform service delivery into a model that meets service needs within a reduced cost envelop will take time, and, will be subject to many interlinking external factors that are sometimes beyond the Council's immediate control and influence.

- 3.17. As we look across other service areas, the wider economic and inflationary environment continues to impact service delivery, both in respect of cost, volatility, supply chain disruption, and in presenting continued recruitment challenges.
- 3.18. Importantly, the overall outturn position as noted within this report continues to be supported by £3.4m of identified eligible expenditure to be funded from capital receipts under the flexible use of capital receipts directive. These measures are intended to allow for a period of service transformation which delivers service efficiencies over the longer term. As capital receipts forecast to be generated by the Council start to fall away after 2022/23, the reliance upon this measure will need to be carefully weighed against the other pressing capital pressures and wider capital investment aspirations of the Council.
- 3.19. In considering all the above, at month 9, this continues to represent a unique and unprecedented operating environment for the Council, and one which severely curtails the immediate ability of the Council to influence its primary expenditure and income drivers, and therefore its ability to be able to bear down further on cost or increase income to any significant degree without resorting to more extreme measures.
- 3.20. As we look to the remainder of the financial year the key financial focus now centres itself on closely monitoring and managing operational and financial performance, specifically in relation to Social Care, but also in all other service areas, to ensure that all possible remedial action is taken to constrain cost. This will be vital to ensuring that the Council ends the year in a financially sustainable position.
- 3.21. When looking beyond this financial year, it is important to note that many of the savings that will assist the in-year budget recovery are one-off or temporary in nature and will not necessarily bring any further benefit to future year's budgets. Conversely, the majority of those pressures highlighted above are demand driven and recurrent in nature and have been scrutinised for consideration as part of the final budget process for 2023/24.
- 3.22. A full breakdown of the variances forecast by services at Month 9 is contained within **appendix 1**, however at a summary level the principal pressures and mitigating savings forecast are within the areas of:

**Table 2: Summary of principal pressures and savings forecast at Month 9**

Pressure/Saving	£000's	Description
<b>Children's services</b>	4,423	Children looked after numbers have decreased by 1 since month 6, however there continue to be increasing numbers of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. Alongside this there is continued use of agency staff to fill vacancies. £1.1m of grant received since month 6 has offset further over spend.
<b>Adults Services</b>	1,490	Older Adults budgets have seen a dramatic influx of clients requiring services as we move out of the pandemic, with continued pressures from hospitals to discharge patients into the social care sector, and

Pressure/Saving	£000's	Description
		some clients requiring more intense services due to delayed health care during the pandemic. Some in-house services are currently undergoing reviews, with in year savings being used to partially offset over spends.
<b>Additional Learning Needs</b>	720	Due to placement costs outside of our own schools (£313k), a reduction in income from other Councils for out of County pupils attending our schools (£115k), additional support for pupils attending our own schools (£51k), and additional transport cost (£240k).
<b>Housing</b>	1,276	Primarily due to national policy change impacting upon the service and where our housing costs in relation to the needs of the Homeless are not attracting full funding. £1.374m of costs where emergency accommodation placements do not allow the Council to claim full housing benefit subsidy, offset by an under spend of £98k in the cost of provision following receipt of further grant.
<b>MonLife</b>	251	Due to the sections inability to generate the expected income targets in relation to Leisure and Outdoor education services.
<b>Passenger Transport Unit (PTU)</b>	291	Increased pay, fuel and repair costs have meant that operators have handed back contracts resulting in re-negotiated external prices or increased in-house provision required. Receipt of £72k of grant since month 6 has improved the position.
<b>Non-teaching pay award</b>	2,049	An allowance is made within the forecast for the result of pay award negotiations over and above the 3.5% budgeted for. Negotiations have concluded between local government employer's representatives and trade unions which resulted in an overall average award of approximately 6.25%.
<b>Car Parks &amp; Civil Parking Enforcement</b>	266	Parking enforcement fines will not hit budgeted targets and in addition there are over spends in expenditure primarily in transport, premises and software costs.
<b>Markets</b>	127	The number of traders has dropped off considerably since Covid-19 and this has meant the service is struggling to meet income targets alongside increases in waste disposal costs.
<b>Council tax</b>	(437)	Out-performance of budgeted Council tax collection. This has reduced since month 6 as the amount of discounts being awarded has increased.
<b>Net Borrowing costs</b>	(446)	A reduction in net budgeted borrowing costs reflective of a lower than budgeted interest rate environment at the start of the year, and significant capital slippage at the end of 2021/22 delaying borrowing need.
<b>Staff vacancies</b>	(1,420)	Significant staff vacancies being carried in the establishment.
<b>Rental income</b>	(172)	Recovery of the rental of Innovation House from the Ukrainian grant funding scheme.
<b>Property</b>	(322)	Passporting of qualifying spend from revenue to available capital funding creating a £322k under spend.
<b>Solar Farm &amp; Sustainability</b>	(175)	Improved income from our Solar Farm and PV installations caused by the increased market rates for energy.
<b>Neighbourhood services</b>	(200)	Primarily due to the improvement gained from the installation of LEDs in our street-lighting over and above budgeted levels and passporting qualifying costs to capital (£200k), and Grounds maintenance savings of £147k resulting from increased income.

### **Assessment of identified budget mitigation measures**

3.23. The updated budget recovery plan is outlined in **table 3** below and projects that a draw on revenue reserves of £6.06m will now be required to ensure a balanced outturn position is achieved, with this representing an increase of £1.06m in the contribution anticipated to support the budget recovery plan from month 6.

3.24. Alongside the efforts to deliver on the overall service budget recovery plan developed at month 6, it should be noted that the month 9 forecast includes a variety of additional measures that services have identified in efforts to arrest the over spend position and in moderating cost or exploring additional funding. This has resulted in significant forecast savings offsetting the increases in cost.

**Table 3: Summary of budget mitigation measures identified at Month 9**

Recovery measure	Comment	Forecast usage Month 6	Forecast usage Month 9
<b>Revenue Reserves</b>	<ul style="list-style-type: none"> <li>Revenue reserves have been replenished by approximately £11m over the past two years, with particular focus at the end of 2021/22 in providing protection against some the budget risks now manifesting (In particular Social care, Homelessness, Leisure income, and Pay).</li> <li>However reserve projections based on month 9 and the proposed final 23/24 budget take us to significantly lower position in terms of reserve cover at the end of 23/24 – with the £15.6m projected representing just 8.3% of the revenue budget.</li> <li>Further to this, £1m of the 15.6m projected reserve balance relates to funds held as sinking funds (Commercial investments, Solar farm) or are held under joint service arrangements (YOS, LRF).</li> </ul>	£5m	£6.06m
<b>Capitalisation directive</b>	<p>Identification of further revenue costs, over and above the £2.65m already budgeted, that can be categorised as enabling service transformation, and that can be legitimately funded from capital receipts under the regulations.</p> <p>This has reduced since Month 6 following a review of the levels of spend in areas which meet the criteria for capitalisation.</p>	£1.27m	£0.76m
<b>Funding</b>	<p>Further unbudgeted grant funding becoming available during the remainder of the year.</p> <p>It is currently estimated based on current trends that there is a possibility that £700k of Social care workforce sustainability grant could be released to aid in budget recovery. This will be dependent upon winter pressures, availability of care provision, and the need for additional care and support to facilitate hospital discharge.</p> <p>There is also potential recoupment of a forecast surplus on the Regional Integration Fund within Social care where it is expected that there will be further slippage around the Winter Programmes planned.</p>	£0.7m	£0.7m
<b>Cost moderation / Reduction in services</b>	Non-pay cost reduction in supplies and services, third party, premises, and transport budgets.	2.185m	Now included in overall forecast

Recovery measure	Comment	Forecast usage Month 6	Forecast usage Month 9
	A total of £1.83m has been indicated as achievable and is now included within service forecasts at month 9. A list of progress against individual proposals is shown as <b>appendix 4</b> .		
<b>Total</b>		<b>9.155m</b>	<b>7.53m</b>

### Progress against mandated service savings

3.25. The original 2022/23 budget included mandated service savings totalling £2.129m and the progress against these is summarised in **table 3** below and in more detail in **appendix 2**.

**Table 5: Progress against mandated savings**

Directorate	2022/23 Budgeted Savings £000	Savings forecast £000	Delayed Savings £000	Savings Unachievable £000	% Achieved
Social Care & Health	(120)	(120)	0	0	100%
Communities & Place	(959)	(959)	0	0	100%
Resources	(300)	(300)	0	0	100%
Chief Executives Unit	(33)	(33)	0	0	100%
Corporate Costs & Levies	(717)	(717)	0	0	100%
<b>Total</b>	<b>(2,129)</b>	<b>(2,129)</b>	<b>0</b>	<b>0</b>	<b>100%</b>

3.26. It is pleasing to note the forecast 100% delivery of mandated savings, especially in light of the ongoing challenges faced by services in current operating conditions. Finance officers will continue to work with services to ensure that these mandated savings are fully delivered as well as identifying any further areas of service efficiency which may deliver additional savings.

3.27. Budgetary discipline will be paramount as we move through the remainder of this financial year, next year and over the medium-term. Cabinet will expect more regular budget monitoring and scrutiny, and with the deliverability risk of service savings acknowledged, the monitoring and reporting of service savings will need to be strengthened

### Usable revenue reserve levels

3.28. Usable revenue reserves (excluding schools) have been replenished by approximately £11m over past two financial years and stand at £26.6m at the start of 2022/23.

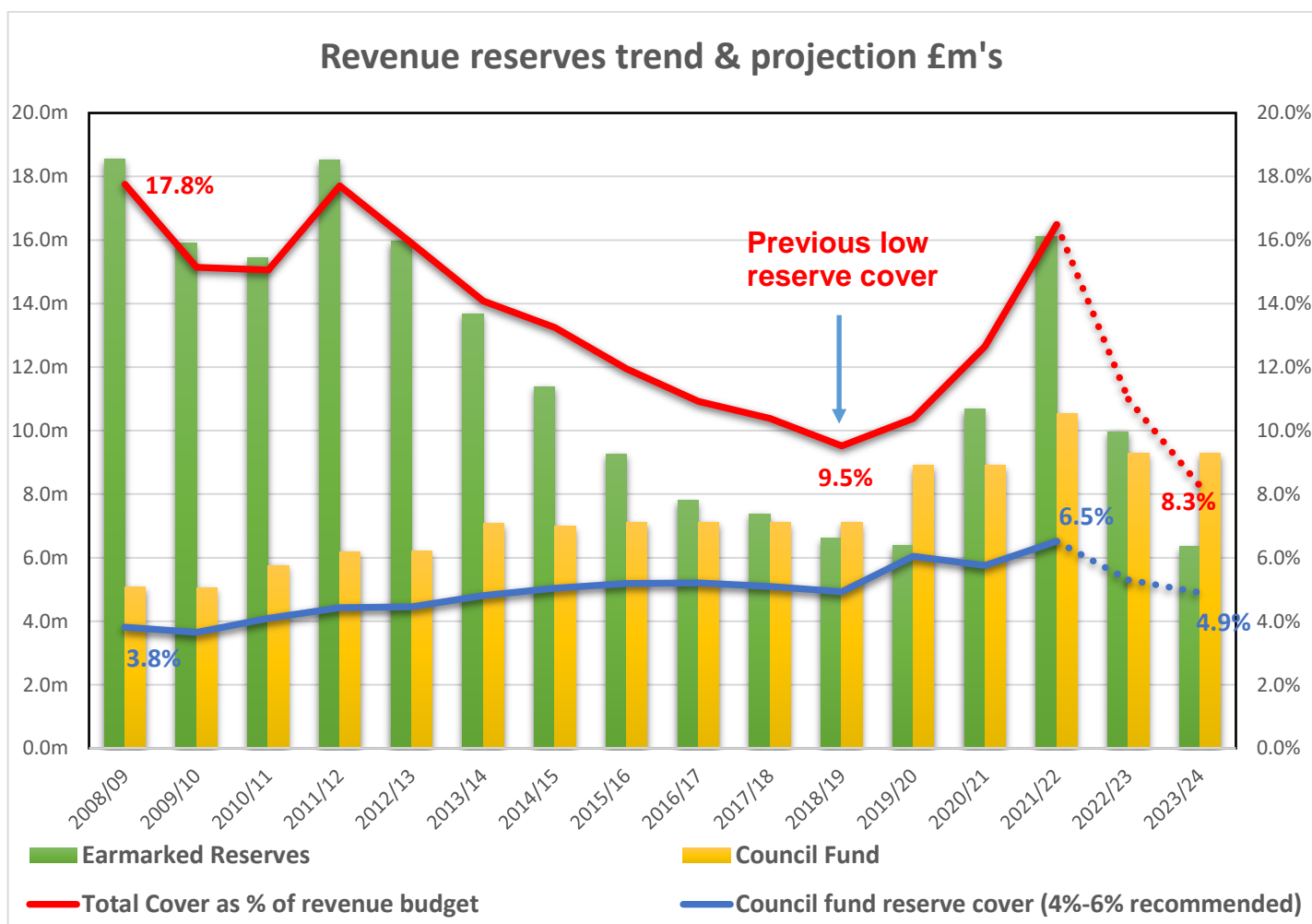
3.29. Reserves have been able to be replenished as above through the pandemic as a result of significant Welsh Government hardship funding and one-off grants. This reversed a

continuing trend of depleting balances since 2011/12 through a period of financial austerity and challenging budget rounds for Councils generally.

3.30. Reserves are an integral part of the Council’s financial strategy and are used to create long-term budgetary stability and act as contingency against known and unknown risks. As well as being available to fund unexpected funding pressures, they enable the Council to manage organisational change without undue impact on council tax payers and can also be an important funding source to support ‘invest to save’ initiatives designed to reduce the ongoing cost of providing services.

3.31. **Chart 1** below outlines the trend in revenue reserves levels over time and includes a projection based upon drawing on £6.06m of revenue reserves as outlined in the above budget recovery plan and allowing for the potential draw on reserves based on the final 2023/24 budget proposals being presented to Council.

**Chart 1: Revenue reserve trend and projection**



3.32. Despite the replenishment in reserves over the past three financial years, balances remain at the lower end of the scale on an all-Wales comparison when comparing reserve balances as a percentage of the Council’s net revenue budget.

3.33. If reserve usage continues in line with current forecasts, the level of reserves as a percentage of net revenue budget would fall to 8.3%, or £15.6m by the end of 2023/24.

- 3.34. It is however important to note that £1m of reserves have been set up as sinking funds or relate to joint service arrangements, and when these are disregarded, it brings the level of useable reserves forecast at the end of 2023/24 below £15m. In isolation this could still be considered to provide a sufficient level reserve cover for a Council of Monmouthshire's size, however this needs to be considered within the context of escalating costs and service demand, a trend of budgetary over spends in high cost service areas, and wider economic uncertainty.
- 3.35. The more medium-term consequence of a reduction in earmarked reserves is that any up-front investment required to drive service transformation will likely need to be funded from the capital receipts reserve. Any such investment will therefore need to be carefully weighed against capital investment aspirations, or, more likely, mean that future capital investment aspirations outside of the core programme will need to be met from borrowing.

### **School balances**

- 3.36. From a financial perspective, 2021/22 was another unprecedented year for schools who continued to receive several significant Welsh Government grants to support them and their pupils during and following a period of significant disruption to learning. This resulted in all but one of our schools bringing forward a surplus balance into the 2022/23 financial year, with the vast majority carrying significant surplus balances above those guided by Welsh Government school funding regulations (£50k for a Primary, £100k for a Secondary or Special school).
- 3.37. The Authority requires schools carrying balances above those levels guided by Welsh Government to provide investment plans setting out how they intended to spend the excess balances being held. These plans informed the budget process for 2022/23.
- 3.38. At month 9, the forecast is for an overall contribution from school balances of £4.65m, resulting in a forecast surplus at year-end of £2.3m.

**Table 6: Forecast movement in school balances for 2022/23**

Cluster	(A) Opening Reserves (Surplus) / Deficit Position 2022/23	(B) Draw / (Contribution) from / (to) School Balances @ Month 4	(C) Draw / (Contribution) from / (to) School Balances @ Month 6	(D) Draw / (Contribution) from / (to) School Balances @ Month 9	(A+D) Forecast Reserve Balances at 2022/23 Outturn
	£000's	£'000	£'000	£'000	£'000
Abergavenny	(2,145)	1,181	1,272	1,237	(908)
Caldicot	(2,165)	1,570	1,284	1,204	(961)
Chepstow	(695)	863	899	827	131
Monmouth	(1,869)	1,425	1,353	1,211	(658)
Special	(82)	106	91	174	

Total	(6,956)	5,145	4,900	4,653	(2,304)
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- 3.39. The budget for 2022/23 made allowance for a pay award for schools staff up to a threshold of 3%, with any award agreed above this level to be funded from schools balances. The above forecast is predicated upon a further pressure of 2% over and above the 3% budgeted based upon the pay award currently in place. This accounts for £1.2m of the overall £4.65m forecast draw upon school balances this year.
- 3.40. The investment plans enacted by schools look to deliver the best learning outcomes for pupils in line with the purpose of the grant funding provided over the past two financial years. **Appendices 1 & 3** outline the forecast movement in individual school balances for the year, and whilst it is clear that the investment plans enacted will bring many school balances more in line with those levels guided by Welsh Government, it is disappointing to note that a further nine schools are now forecast to move into deficit by year-end.
- 3.41. There remains significant concern from a financial perspective that the inherent structural budget deficits that led to a significant number of schools being in deficit pre-pandemic in some cases remain. Whilst the current economic climate is severely challenging, school balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure. Officers will continue to work closely with those schools of concern and look to aid the return to a more sustainable budget plan over the medium term.

### Capital outturn forecast

- 3.42. The capital expenditure forecast detailed in **appendix 1** indicates a net forecast over spend of £183k, with numerous pressures presenting themselves totalling £1.897m as detailed below. These have been offset by the identification of a number of under spends totalling £1.714m which have materialised due to a wide range of reasons.

Scheme Category	Scheme	Over / (Under) spend £000's	Comment
Capitalisation directive	Capitalisation directive	760	A planned measure to mitigate pressure on the revenue budget through identification of further revenue costs, over and above the £2.65m already budgeted, that can be categorised as enabling service transformation, and that can be legitimately funded from capital receipts under regulations.
Development Schemes Over £250k	Crick Road Care Home	151	Additional costs in fitting-out equipment required for resident's privacy. An additional bid has been submitted to ABuHB for additional RIF funding to offset the overspend.

Scheme Category	Scheme	Over / (Under) spend £000's	Comment
Development Schemes Over £250k	Property Acquisition for Children and Young People with Complex Needs	114	Additional refurbishment costs over and above original cost projection. A bid has been made to the Regional Integration Fund and we are waiting for a decision to offset the forecasted overspend.
Development Schemes Over £250k	Abergavenny borough theatre refurbishment	390	Increase over and above original construction cost projection due to unforeseen lighting costs and over-run charges from contractor. If funding cannot be found within programme, the service will borrow as per Cabinet report.
Infrastructure	Tintern Wireworks Bridge	148	The refurbishment of the Tintern Wireworks Bridge at Tintern in conjunction with Gloucestershire County Council is currently forecast to overspend by £148k, due to the complexity of restoring this listed structure and the increased cost of materials.
Specific Grant Funded	Siltbuster	76	The Siltbuster project is forecast to be £76k overspent due to increased costs. This will be funded from additional borrowing which will be funded by the Highways revenue budget.
Leasing	Leasing	258	Vehicle requirements are above the budget set and will be financed via leasing or borrowing dependent upon the options appraisal towards year end.
Development Schemes Over £250k	Usk County Hall J Block Major Refurb	(759)	The scheme of works originally planned has changed following evolving accommodation needs in a post pandemic era.
Disabled Facilities grants	Disabled Facilities grants	(439)	An under spend due to a delay in works over the pandemic period that means the overall budget available is more than can be reasonably carried out given capacity. The increase in referrals since Month 6 has reduced the projected under spend, including a £96k vat adjustment.
Specific Grant Funded	Grant –Match Funding Support Allocation	(300)	A lower than expected requirement to match fund grant bids.
Infrastructure	Penyrhiw Sewage Treatment Works	(100)	Scheme not proceeding in current form.
Development Schemes Under £250k	Access for All	(61)	Under spend - current projections are showing a spend of £200k on access schemes for this year.
Maintenance Schemes - General	School Refurbishment Grant	(55)	Funding to be earmarked for upgrade of Capita One system in 2023/24.

3.43. Finance officers will continue to work with the project managers concerned to seek budget mitigation measures for any projected over spends, either through cost reduction measures or through the alternative funding mechanisms identified above.

3.44. As outlined in **appendix 1**, numerous schemes are indicating delays, with £8.9m forecast slippage following revisions to project timescales. Previous year's trends would indicate that this will increase substantially as the year progresses, and as more certainty becomes available both in terms cost and contract delivery timescales.



- 3.45. The current economic environment continues to have a significant impact on the overall capital programme with cost inflation and supply chain issues continuing to present a challenge to project delivery. Whilst every effort is being made by project managers to work within the budgetary plans and timescales set, it is inevitable as the year progresses that further cost pressures will materialise. This will in turn limit the scope of project delivery, especially in the areas of property maintenance and Infrastructure works where less schemes can be delivered within the overall budget allocated.
- 3.46. The forecast movement in capital receipts balances for the year is shown below. Whilst overall balances on the face of it are healthy, there remains the risk that forecast receipts receivable for 2023/24 onwards are at comparatively low levels, and combined with the fact that receipts are continuing to be used to subsidise the revenue budget through capitalisation direction means that the scope for further capital investment funded via receipts will be limited.

**Table 7: Forecast movement in capital receipt balances**

<b>Month 9 update</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance as at 1st April	8,773	9,891	7,106	6,009	4,511
Capital receipts used for financing	(3,975)	(1,731)	(1,194)	(1,094)	(1,094)
Capital receipts used to support capitalisation direction	(3,410)	(3,008)	(508)	(508)	(508)
Capital receipts used for redundancies	0	(1,000)	0	0	0
Capital receipts received	7,072	0	0	0	0
Capital receipts forecast	1,430	2,954	604	104	104
<b>Forecast Balance as at 31st March</b>	<b>9,891</b>	<b>7,106</b>	<b>6,009</b>	<b>4,511</b>	<b>3,014</b>

#### **4. RESOURCE IMPLICATIONS:**

- 4.1. The report itself covers the resource implications of the entirety of the revenue and capital budget activity during the year. There are no further resource implications as a result of the recommendations in this report.

#### **5. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

- 5.1. This report provides Members with information on the forecast revenue and capital outturn position of the Authority and carries no decisions. There are therefore no equality of future generations' implications directly arising from this report.

#### **6. CONSULTEES:**

Strategic Leadership Team  
Performance & Overview Scrutiny Committee

**7. BACKGROUND PAPERS:**

***Appendix 1*** – Detailed outturn forecasts and directorate commentaries

***Appendix 2*** – Progress against mandated budget savings

***Appendix 3*** – Forecast movement in individual school balances

***Appendix 4*** – Progress against service budget recovery plan

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## Overall Revenue Position

Table 1: 2022/23 Revenue budget summary forecast at Month 9

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M9	Forecast (Under) / Over Spend @ M6	Forecast Variance M6 to M9
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	57,877	680	58,557	64,335	5,779	5,711	67
Children & Young People	58,990	426	59,416	60,343	927	732	195
Communities & Place	23,055	962	24,017	23,410	(607)	586	(1,193)
MonLife	4,556	518	5,074	5,326	251	482	(231)
Chief Executives Unit	3,155	35	3,190	2,965	(225)	(288)	63
People & Governance	4,663	273	4,936	5,014	78	28	50
Resources	7,067	907	7,973	8,308	335	763	(428)
Corporate Costs & Levies	26,207	(2,604)	23,603	25,480	1,878	1,895	(18)
<b>Net Cost of Services</b>	<b>185,570</b>	<b>1,196</b>	<b>186,766</b>	<b>195,181</b>	<b>8,415</b>	<b>9,909</b>	<b>(1,494)</b>
Appropriations	6,652	(720)	5,932	5,486	(446)	(250)	(197)
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>200,667</b>	<b>7,969</b>	<b>9,659</b>	<b>(1,690)</b>
Financing	(192,223)	(476)	(192,699)	(193,136)	(437)	(503)	66
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,531</b>	<b>7,531</b>	<b>9,155</b>	<b>(1,624)</b>

**Table 2: 2022/23 Revenue budget detailed forecast at Month 9**

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M9	Forecast (Under) / Over Spend M6	Forecast Variance M6 to M9
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	9,548	(67)	9,481	9,178	(303)	(428)	125
Children Services	17,795	17	17,812	22,235	4,423	4,399	24
Community Care	26,111	1,007	27,118	29,144	2,026	2,069	(43)
Commissioning	1,418	(266)	1,151	1,040	(111)	(96)	(15)
Partnerships	436	5	441	441	0	0	(0)
Public Protection	1,910	(18)	1,891	1,756	(135)	(162)	27
Resources & Performance	659	2	662	541	(121)	(71)	(50)
<b>Social Care, Health &amp; Safeguarding</b>	<b>57,877</b>	<b>680</b>	<b>58,557</b>	<b>64,335</b>	<b>5,779</b>	<b>5,711</b>	<b>67</b>
Individual Schools Budget	47,775	380	48,155	48,433	278	222	56
Resources	1,162	34	1,196	1,126	(70)	11	(81)
Standards	10,053	11	10,064	10,784	720	499	221
<b>Children &amp; Young People</b>	<b>58,990</b>	<b>426</b>	<b>59,416</b>	<b>60,343</b>	<b>927</b>	<b>732</b>	<b>195</b>
Enterprise, Housing & Community Animation	2,795	(38)	2,757	2,620	(137)	263	(400)
Facilities & Fleet Management	6,552	4,077	10,629	10,716	87	411	(324)
Neighbourhood Services	11,944	(2,935)	9,009	8,660	(349)	(164)	(185)
Placemaking, Highways & Flood	1,765	(143)	1,622	1,414	(208)	76	(284)
<b>Communities &amp; Place</b>	<b>23,055</b>	<b>962</b>	<b>24,017</b>	<b>23,410</b>	<b>(607)</b>	<b>586</b>	<b>(1,193)</b>
Countryside & Culture	1,101	91	1,192	1,185	(6)	(5)	(1)
Finance & Business Development	2,389	101	2,490	2,449	(41)	12	(53)
Leisure, Youth & Outdoor Adventure	1,067	327	1,393	1,692	298	475	(177)
<b>MonLife</b>	<b>4,556</b>	<b>518</b>	<b>5,074</b>	<b>5,326</b>	<b>251</b>	<b>482</b>	<b>(231)</b>
Policy, Scrutiny & Customer Service	3,155	35	3,190	2,965	(225)	(288)	63
<b>Chief Executives</b>	<b>3,155</b>	<b>35</b>	<b>3,190</b>	<b>2,965</b>	<b>(225)</b>	<b>(288)</b>	<b>63</b>
Communications	239	7	246	268	22	34	(12)
Democratic Services	1,547	142	1,690	1,712	22	22	0
Emergency Planning	158	5	163	182	19	24	(5)
Legal and Land Charges	963	31	994	1,007	13	(7)	20
People	1,756	87	1,843	1,845	2	(45)	47
<b>People &amp; Governance</b>	<b>4,663</b>	<b>273</b>	<b>4,936</b>	<b>5,014</b>	<b>78</b>	<b>28</b>	<b>50</b>

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M9	Forecast (Under) / Over Spend M6	Forecast Variance M6 to M9
Commercial, Corporate & landlord Services	1,521	507	2,028	1,697	(331)	(44)	(287)
Finance	2,659	440	3,098	3,877	779	871	(93)
Future Monmouthshire	4	1	5	0	(5)	(5)	0
Information Communication Technology	2,883	(42)	2,842	2,734	(108)	(60)	(48)
<b>Resources</b>	<b>7,067</b>	<b>907</b>	<b>7,973</b>	<b>8,308</b>	<b>335</b>	<b>763</b>	<b>(428)</b>
Precepts & Levies	22,319	312	22,630	22,630	(0)	0	(0)
Coroner's	171	0	171	171	(0)	0	0
Archives	196	0	196	196	(0)	0	(0)
Corporate Management	385	0	385	300	(85)	(37)	(48)
Non Distributed Costs (NDC)	651	0	651	666	15	0	15
Strategic Initiatives	867	(2,917)	(2,050)	0	2,050	2,017	33
Insurance	1,619	0	1,619	1,517	(102)	(84)	(18)
<b>Corporate Costs &amp; Levies</b>	<b>26,207</b>	<b>(2,604)</b>	<b>23,603</b>	<b>25,480</b>	<b>1,878</b>	<b>1,896</b>	<b>(17)</b>
<b>Net Cost of Services</b>	<b>185,570</b>	<b>1,196</b>	<b>186,766</b>	<b>195,181</b>	<b>8,415</b>	<b>9,909</b>	<b>(1,494)</b>
Interest & Investment Income	(100)	0	(100)	(802)	(702)	(549)	(153)
Interest Payable & Similar Charges	3,956	0	3,956	4,585	629	672	(43)
Charges Required under Regulation	6,714	0	6,714	6,667	(47)	(47)	0
Other Investment Income	0	0	0	(1)	(1)	0	(1)
Borrowing Cost Recoupment	(3,520)	0	(3,520)	(3,845)	(325)	(325)	0
Contributions to Reserves	188	0	188	188	0	0	0
Contributions from reserves	(586)	(720)	(1,306)	(1,306)	(0)	0	(0)
<b>Appropriations</b>	<b>6,652</b>	<b>(720)</b>	<b>5,932</b>	<b>5,486</b>	<b>(446)</b>	<b>(250)</b>	<b>(197)</b>
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>200,667</b>	<b>7,969</b>	<b>9,660</b>	<b>(1,690)</b>
General Government Grants	(77,524)	0	(77,524)	(77,524)	0	0	0
Non Domestic Rates	(34,753)	0	(34,753)	(34,753)	0	0	0
Council tax	(87,309)	(476)	(87,785)	(87,977)	(192)	(300)	108
Council Tax Benefit Support	7,363	0	7,363	7,118	(245)	(203)	(42)
<b>Financing</b>	<b>(192,223)</b>	<b>(476)</b>	<b>(192,699)</b>	<b>(193,136)</b>	<b>(437)</b>	<b>(503)</b>	<b>66</b>
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,531</b>	<b>7,531</b>	<b>9,155</b>	<b>(1,624)</b>

## DIRECTORATE – DIVISION VARIANCE COMMENTS

<b>SOCIAL CARE, HEALTH &amp; SAFEGUARDING DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	5,056	5,711	5,779	0

### **SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:**

Quarter 3 and 9 months into the financial year we are reporting an over spend of £5.779m based on known commitments and expectations against the directorate budget. Since month 6 the over spend has risen by £67K as a result of increasing expenditure within the Children's Services division of circa £1.1m, offset by substantial unbudgeted grants in relation to the newly issued Radical Reform grant (£527k), and Eliminate agenda (£569k).

As part of the last quarter's forecast each directorate was tasked to draw up an in-year savings plan and for this directorate we submitted a plan totalling £800K. As at month 9 the achievement against the saving plan is £467K, with Children's tasked to find £316K of savings for which they have achieved £293K. Adults were tasked to save £270K which has not been achieved, and the remainder of the savings are mostly in staffing by way of holding back vacancies. On a more positive note unmet care need currents stands at 947 weekly hours, a significant reduction on previous months.

The Children's budget is estimating an over spend of £4.423m, with a large proportion due to the increasing numbers and costs of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. To quantify placements, we are predicted to spend £9.5m on 100 packages, of which 23 of those packages are individually in excess of £100k and account for 67% of the spend. Another influencing factor is the continued use of agency staffing to fill vacancies and stabilise the workforce within the division, with 14 employed as at the end of December and an additional cost of £250K. This financial year sees the full effect of costs resulting from the removal by Welsh Government of the COVID hardship fund, Social Care Recovery Fund and Social Care Pressures grants. Since month 6 we have been awarded the sum of £527K via the Radical Reform Grant and £569K via the Eliminate grant which has been adjusted for in the reported month 9 forecast, and without which the over spend would have been much higher. As at the end of December the number of Children Looked After decreased by 1 since month 6 to a total of 210, inclusive of 8 relating to Unaccompanied Asylum Seekers.

The combined Adults budget is forecast to over spend by £1.490m, which remains largely within predictions at month 6. As with month 6 the over spend has been as a result of the full year effect in costs to be borne by the budget from the loss of three vital Welsh Government funding streams. Older Adults budgets have seen a dramatic influx of clients requiring services as we move out of the pandemic, with continued pressures from hospitals to discharge patients into the social care sector, with some clients requiring more intense services due to delayed health care during the pandemic. Since the start of this financial year following removal of the COVID hardship grant we have funded an additional 47 care home placements at a net cost of £500K. With non-residential care the weekly care hours provided at the end of December stood at 15,503, of which 18 care packages are 24-hour provision. A few in house services are currently undergoing reviews, with in year savings being used to partially offset over spends. This division is currently benefitting from a number of external grant funding streams, the main one being the Social Care Workforce Sustainability Grant of £1.1m, used to offset the over spend and limit the effects of Winter Pressures.

Public Protection is at present forecasting an under spend of £135k due to savings from vacant posts, which are currently in the process of being recruited to.

<b>Adult Services</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(355)	(428)	(303)	0

The under spend is largely in the My Day My Life and Budden Crescent services and a review will be commissioned to determine the delivery model moving forward as we exit the pandemic and what is required to meet the future needs of our disability clients.

### Children Services

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	3,519	4,399	4,423	0

Due to the increasing numbers and costs of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. There is continued use of agency staff to fill vacancies and help stabilise the workforce. This financial year sees the full effect of costs resulting from the removal by Welsh Government of the COVID hardship fund, Social Care Recovery Fund and Social Care Pressures grants.

### Community Care

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,081	2,069	2,026	0

This financial year we have made 47 additional care home placements which has added £500k to the over spend. The majority of the remaining over spend is as a result of increased demand for non-residential care (15,503 weekly care hours provided at the end of December), especially for 24-hour care provision for domiciliary care (18 at the end of December) to aid hospital discharge, to meet the challenges of an ageing population and as a result of the pandemic, clients are of a higher dependency due to delayed health care. This division has benefitted from a £1.1m Social Care Workforce Sustainability grant to help offset over spends and limit the effects of Winter Pressures.

### Commissioning

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(74)	(95)	(112)	0

Saving from staff vacancy which is currently planned to go out to recruitment.

### Partnerships

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast.

### Public Protection

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(61)	(163)	(134)	0

Savings from staff vacancies.

### Resources & Performance

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(54)	(71)	(121)	0

Savings from vacancies which are currently out to recruitment.

<b>CHILDREN &amp; YOUNG PEOPLE DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	741	732	927	0

#### **CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:**

The Directorate's Month 9 position is an over spend of £927k, which is an increase of £195k on the Month 6 forecast. This increase is primarily due to increased ALN transport cost of £241k as all operators were given a % increase due to rising fuel costs. This increase in over spend has been partially offset by savings that were agreed at Month 6 through the CYP budget recovery plan.

#### **Individual Schools Budget**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	175	222	278	0

The £56k increase in over spend compared to the Month 6 forecast is due to the following:-

- The 1.25% increase in NI finished at the end of November, so funding was reduced in the ISB Budget, but we were unable to claw this back from schools (£120k)
- Backfill costs for a Headteacher secondment (£55k)
- Staff cost savings for the EST Team, as agreed at Month 6 through CYP Recovery Plan (-£122k)

The remaining ISB over spend of £222k is due to the following, which was not included in the budget:-

- funding of two protected salaries and a Teaching & Learning Responsibility payment (TLR) which falls to the Authority to fund (£45k)
- back pay for staff, which was not included in the MTFP. This was due to the late agreement for the pay award and the budget had already been set (£100k)
- payment for a bespoke home to school transport arrangement to Caldicot School pending a final catchment area review (£20k)
- School Staff Wellbeing Project (£9k)
- back pay for staff (£26k)
- legal costs (£17k)

#### **Resources**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	32	11	(71)	0

There have been savings of £82k since Month 6, due to the following:-

- -£89k was released as part of the recovery plan agreed at Month 6
- Pay Award (£14k)
- Capita ONE charges not being recharged to the other cost centres (£25k) – savings shown in the other cost centres
- Capital grant funding the Cloud on-boarding charges (-£30k)
- ICT saving i.e. the Cloud going live in April '23, rather than March '23 (-£5k)
- Unexpected costs regarding Mounton House, Legal Costs & an increase in ACCA course fees (£3k)

The previous £11k overspend, reported at Month 6, was due to the following:-

- several cost centres not being able to meet the 2% staff employee cost efficiency savings target fully (£32k)
- ICT saving i.e. the Cloud going live early in April 2022, rather than July 2022 (-£15k)



- vacancy saving (the position has now been filled) (-£6k)

## Standards

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	533	499	720	0

The increase in over spend of £221k since Month 6, is due to the following:-

- ALN Transport – all operators have been given a % increase due to rising fuel costs (£241k)
- Vacancy Saving in the Psychology Service (-£22k) and further savings due to ELSA income being used to fund staff costs (£-14.4k) and recognising the funding for the Pay Award (-£5.8k)
- Reduction in ALN recoupment budget, which is the net effect of 1 x pupil moving to Monmouthshire at start of Sept, so unable to recoup and now being able to recoup for an existing pupil, as previously the other LA had been giving the funding to the pupils parents (£7k)
- Reduction in income for Early Years, as was not able to bid for a grant as expected (£25k)
- ALN Management vacancy saving (-£25k)
- Increase in catering costs for Breakfast Clubs (£25.3k)
- Further smaller savings across 9 cost centres amounting to -£10k

The overspend of £533k at month 4, was largely due to ALN, which had seen costs increase due to the following:

- Several pupils have either moved into Monmouthshire or have left a Monmouthshire school to attend a school in their home County, so we are no longer able to recoup the income from other LA's (£68k)
- 2 new pupils attending an independent school (£105k)
- Full year costs for 2 pupils currently at an Independent school, who decided to stay on for Year 14 (were previously leaving at the end of Year 13 / the Summer Term (£60k))
- 1 pupil accessing SALT and Seirrah Therapies (£24k)
- 1 pupil attending MonLife (£30k)
- 3 new pupils attending schools in Blaenau Gwent & increase in costs for an existing pupil (£105k)
- 2 new pupils attending schools in Newport (£17k)
- 1 new pupil moving to a Bristol school (£9k)
- 1 new pupil potentially to attend a school in Torfaen, currently going through Tribunal (£50k)
- Staff costs due to the expansion of Pembroke SNRB (£32k)
- Blaenau Gwent contacted us to advise they had been paying transport costs, that we were liable for, as the pupil is a Looked After Child (£19k)

The remainder of the overspend was due to additional staff costs in the Education Welfare Support Team (EWS) and the EWS and Psychology Service being unable to currently meet the 2% staff efficiency savings.

The £54k reduction in overspend at Month 6 against the Month 4 Forecast, was due to the following:

- 6 pupils no longer attending out of county schools (-£129k), offset by;
- 3 further pupils have left a Monmouthshire school to attend a school in their home County, so we are no longer able to recoup the income from other LA's (£40k)
- 1 new pupil attending an independent school, which has been offset by some smaller savings regarding existing pupil placement costs (£31k)
- Backfill costs for a staff member who is supporting the Deri View Virtual School (SNRB) and Outreach (£27k).

COMMUNITIES & PLACE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	616	759	(607)	0

## COMMUNITIES & PLACE DIRECTOR'S COMMENTARY:

The Directorate is forecasting a £607k underspend at Month 9.

This is an improved position since Month 6 and the details of these changes are provided within the next sections of this report. Whilst there is an improvement in the overall position of the Directorate, within this period, the costs of the provision of temporary and emergency accommodation for people presenting as homeless continues to increase, similarly, the bus transport sector remains fragile and we have seen the consequential impacts within our home to school transport service with external contracts being handed back to the Authority, increased contract costs and the impacts of inflationary rises affecting the service areas significantly.

Across all services, all eligible costs continue to be claimed against any Welsh Government funding that is made available. Since Month 6 a number of service areas have been able to report an improved position due to additional grant funds being made available e.g. Housing Prevention Grant and Bus Emergency Support funds which has significantly improved the Directorates overall position at this stage.

In addition, we will continue to closely monitor and manage all operational and financial performance to ensure that all possible action is taken to constrain any further costs.

### Enterprise, Housing & Community Animation

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	337	283	(137)	0

Enterprise & Community Animation is forecasting a £137k underspend at month 9, this is mainly due to:

- **Enterprise Mgt** - £30k over spend – Due to an increase in staff costs over and above available budget and an increase in contribution to City Deal.
- **Housing** - £65k underspend, this can be broken down into these main areas: -
  - **Homelessness** – £98k underspend – Current projections for the year indicate the authority will spend circa £2.433m on B&B accommodation for our homeless (this is a £133k increase from what we thought at Month 6) and an additional £864k (up £176k from M6) on ancillary spend including security and damage repairs in our hostels and leased accommodation, which mainly relates to accommodating those with higher support needs. This cost will be offset by pre-paid Covid-19 grant (£760k), Housing Prevention grant (£1.005m) and Housing Benefit (£1.630m) creating an underspend against budget of £98k. The main reason for this underspend is the receipt of £495k of additional HPG grant in January, which was not known in September, although this has been part used up by the forecast increase in B&B and ancillary spend since Month 6. The £98k underspend will be used to offset the overspend in our Revenues budget (currently £1.236m) within the Resources Directorate caused by the Housing Benefit subsidy cap on B&B accommodation.
  - **Shared Housing & Private Leasing** – Break-even – Improvement of £29k since M6 due to receipt of WG grant that has allowed us to cover maintenance and repair costs.
  - **Strategic Services & Renovation Grants** – net £29k over spend – Mainly due to additional software and subscription costs in strategic services and increased administration costs for renovation grants.
  - **Sewage Treatment Plants** - £19k over spend - due to delays in progressing the plant replacement projects which means the plants have to be emptied until the works are completed to resolve the issues.
  - **Careline** - £13k underspend – Improvement since Month 6 as a reduction in equipment spend has pushed the service under budget.

- **Business Growth & Enterprise** – £92k under spend – Due in the main to the Strategic Operations Team forecasting a £93k under spend due to staff savings as posts have only been filled part way through the year. In addition, the decision was made to freeze the recruitment of the Strategic Operations manager until the new year as part of the M6 budget recovery plan and is the main reason for the increase in underspend since M9.
- **Community & P/Ships development** - £11k under spend – staff savings resulting from the ability to passport staff costs to UKG Ukraine funding have been part offset by the additional, running costs of the Together Works scheme, these were not known at M6 and is the reason for the £11k reduction since M6.

All other service areas are reporting a balanced budget.

### Facilities & Fleet Management

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	511	564	88	0

Facilities & Fleet management are forecasting a £88k over spend, due to -

- **Schools Catering** – Break-even – We have seen an improvement in the Schools Catering position since M6 and it is no longer reporting a £128k overspend, this is due to 2 main reasons  
 1) our original staff number projection to cater for the roll-out has been reduced as we have been able to gain a more accurate understanding of resource requirement as the year has progressed.  
 2) We have received additional grant funding from WG to help with the administration of the UFSM roll-out and Covid FSM scheme. WG are undertaking a review of the unit price paid for the provision of UFSM, the current rate of £2.90 is likely to result in increased pressures in 23-24 when UFSM rolls out to Key Stage 2 pupils.
- **Passenger Transport** – £291k over spend – Cost of living inflation increases have had a material impact on the service, the additional burden of increased pay, fuel and repair costs have meant that operators have handed back contracts and our in-house budgets are being stretched due to :-
  - **External Commissioning** – £184k over spend due to an increase in external contract prices and contract variations from September. This figure includes the contracts that were handed back and retendered at month 04. The forecast is based on the payment figure as of January.
  - **Internal Operations** – £106k over spend – due to the need to purchase vehicles and employ extra staff to run contracts in-house as a consequence of operator hand backs. This is an £86k improvement from M6 and is due to a receipt of additional £72k BES grant that was not known at M6 plus a small decrease in external contract cost projection of £4k.
- **Car Salary Sacrifice Scheme** – £13k over spend - This is due to a reduction in the number of members of the car salary sacrifice scheme resulting in actual savings falling below budgeted levels. The proposed re-launch of the Tusker scheme will result in Corporate savings being passported to the applicant which will result in continuing permanent reduction in income levels.
- **Fleet maintenance** - £81k over spend – This is mainly due to the effect of inflation increases on fuel & spare parts, in addition employee costs have increased due to the regrading of part of the workforce as a consequence of a job evaluation exercise. This is an £18k improvement from month 6 and is due to the movement of staff costs associated with service transformation to capital as part of the capitalisation directive, this was not factored in at M6.
- **Building Cleaning & Public Conveniences (PCs)** - £95k under spend – this is due to a saving on business rates as we no longer pay them on PC's (£25k) and a £70k underspend in Building Cleaning due to improved turnover through the continuation of in-house contracts and a £25k reduction in expenditure as part of a managed one off reduction in supplies spend to aid with the authority budget recovery plan

- **Decarbonisation** - £202k under spend – due to improved income from our Solar Farm and PV installations caused by the increased market rates for energy (£175k) and staff savings within the de-carb team of £27k due to the delayed recruitment to the Energy Officer post to aid with the authorities budget recovery plan.

### Neighbourhood Services

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(227)	(164)	(349)	0

Neighbourhood Services are forecasting to under spend by £349k, this is due to-

- **Highways, SWTRA & Streetlighting** – £202k under spend – all the underspend comes from within our Streetlighting unit and can be attributed to 1) Energy has underspent by £127k - the budget was set at 19/20 consumption levels, this has been found to be too high due to the improvement gained since then from the installation of LEDs, this has meant our actual cost of energy has fallen well below budget. 2) Staff saving of £2k due to the delay in filling a vacant post. 3) A £69k saving in maintenance as we have moved qualifying revenue spend to available capital budget as part of the authority's budget recovery plan and is the main reason for the increase in underspend since M6.  
Highways Operations and SWTRA & External Clients are both forecasting a break-even budget. The final outturn for Highways Ops can be affected by adverse weather conditions such as snow events or increased gritting due to continued cold weather. The unit will endeavour to cover these costs within budget but there is a potential for a late year budget pressure.
- **Waste & Street Scene** - £147k under spend – Waste Services continues to report a break-even position, our Grounds maintenance is reporting a £147k underspend due to improved income resulting from an increased draw on commuted sum funding.

### Placemaking, Highways & Flood

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	76	(208)	0

Placemaking, Highways & Flood is forecasting to under spend by £208k, this is as a result of -

- **Planning & Building Control** – £44k over spend – Over spend in Planning due to the inability to make staff vacancy savings (£21k), hardware and software costs to update microfiche system (£59k) offset by a net improvement in income of £35k.
- **Planning Policy & LDP** – £94k under spend - due to staff savings from a vacant post and one retirement (£36k) and further delays in the progression of the LDP meaning spend has not occurred as planned this financial year (£58k).
- **Car Parks & Civil Parking Enforcement** - £266k over spend – due to a shortfall in parking enforcement fines of £186k coupled with over spends in expenditure primarily in transport, premises and software costs of £80k.

**Highways management & flooding** - £424k under spend – income is continuing to exceed budgeted target levels in relation to Road closure and SAB fees, in addition we have received WG flooding grant that is now covering core service costs. The department also has a number of vacancies that is contributing to an under spend in our employee budgets. The under spend has increased by £188k since month 6, the majority of this is due the decision to freeze all post recruitment until the new year as part of the budget recovery plan.

MONLIFE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	479	462	251	0

## MonLife DIRECTOR'S COMMENTARY:

The Monlife directorate is forecasting to over spend by £251k, the two main areas of focus continue to be leisure and outdoor services, with these areas providing the most significant financial challenges in the current economy. Monlife are completing deep dives of each business unit assessing the best options for future sustainability and the tactics needed to improve performance in these areas. Future development work includes working closely with CYP and Social Services on other programs to reduce our over-spend and ensure the future sustainability of our services. MonLife have seen an improvement of £231k since month 6 this is mainly due to freezing vacant posts, a fantastic annual membership campaign and increase uptake in our residential and re-engage program at Gilwern.

### (Monlife) Countryside & Culture

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(3)	(5)	(6)	0

Countryside & Culture is forecasting to under spend by £6k due to a small under spend on third party contracts.

### (Monlife) Finance & Business Development

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	14	(8)	(41)	0

Finance & Business Development is forecasting to under spend by £41k the variance from month 6 to month 9 relates to freezing vacant posts and increasing project management recovery from our grants as agreed in the month 6 recovery plan.

### (Monlife) Leisure, Youth & Outdoor Adventure

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	469	475	298	0

Leisure, Youth & Outdoor Adventure is forecasting to over spend by £298k, this is mainly due to: -

**Leisure Services** - £198K over spend mainly due to the sections inability to generate the expected income targets. Memberships have grown significantly over the past 12 months and recovered to pre-pandemic levels; however, this still falls short of the income target set for the section built on a model pre-pandemic which looked at commercial growth over a 3-year period. Due to the impact of the cost-of-living crisis and Covid-19 this model is unachievable at present, we continue to work hard with teams to mitigate the financial loss the improvement from month 6 to 9 mainly relates to our successful annual membership campaign, which increased memberships by 256 and delivered an additional £64,951 income.

**Youth & Education** - £119k over spend mainly due to:-

Outdoor Adventure Service - £119k over spend. The sections current income target was derived from a pre-pandemic business model that focused on a 3-year delivery plan first focusing on MCC internal schools and then moving on to commercial focused model. The impact of the pandemic has meant that the delivery of this model has been delayed this has led to a shortfall in income due to schools being reluctant to return to residential model (this is slowly changing). A project working group is set up looking at way to mitigate the financial loss part of this work will involve working closely with schools who show massive interest in the outdoor learning as the new curriculum in Wales is adopted which looks to support creative lessons with real life meaning. The variance from month 6 to 9 mainly relates to increase income due to high engagement in our residential offer and our re-engage program.

**Sports Development** - £20k under spend due to higher than anticipated grant income.

**CHIEF EXECUTIVES UNIT  
DIRECTORATE**

	Month 4	Month 6	Month 9	Outturn
<b>Deficit / (Surplus) £'000s</b>	0	(288)	(225)	0

**HEAD OF POLICY, PERFORMANCE AND SCRUTINY COMMENTARY:**

The current under spend of £225k is being achieved by a number of posts being held vacant across the department to help contribute to the in-year budget recovery. It is also aided by some core staffing costs being funded by grant contributions from other agencies. This is not a sustainable long-term position and is dependent on key staff working above and beyond their contracted hours. The forecast is also artificially inflated by the continued delay in purchasing a new telephony system to replace the current end-of-life solution. These savings mask pressures in the Welsh language budget which is demand led and over spending due to an increase in the volume of translations required to comply with the Welsh Language Standards.

**Policy, Scrutiny & Customer Experience**

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
<b>Deficit / (Surplus) £'000s</b>	0	(288)	(225)	0

Policy, Scrutiny & Customer Experience are forecasting a £225k under spend at Month 9, the outturn position is made up of a number of under and over spends across the directorate with the main variances being:

- **Partnerships Mgmt** - £19k under spend – The service has been able to fund core staff costs from a WHO grant resulting in an employee under spend (£37k) but this has been offset by an over spend in Community Safety due to a drop off in partner funding of £18k which was not factored in at Month6.
- **Contact Centre** - £20k under spend – the contact centre continues to see employee cost pressures through maternity cover and non-achievable vacancy factor savings, but this is currently being offset by savings due to the delay in purchasing a new telephony system.
- **Equalities & Welsh Language** - £28k under spend – Due to staff savings of £82k due to delay in employing the new Welsh language officer and Equalities post which have been partially offset by an over spend of £54k on external translation costs as demand has increased.
- **GIS Project** - £30k under spend – No change from month 6 - Mainly due to employee savings as we are able to passport core staff time spent on digital innovation to capitalisation directive.
- **Performance & Data** - £34k under spend – This is due to a saving in employee costs as we are able to move officer cost for time spent on Ukraine support against UKG grant funding and posts have been held vacant to aid budget recovery with this work being covered by other staff in the team .
- **Community Hubs & Libraries** - £60k under spend – this is due to employee savings as core staff costs have been covered by the UKG Ukraine grant. This has been part offset by a reduction in income as budget is unachievable since the removal of fines in our libraries. This is a £95k improvement from M6 and is as a result of the Ukraine funding that was not factored in at M6 but formed part of the budget recovery plan.
- **Community Education** - £29k under spend – Under spend due to core service spend being covered by zero carbon and digital grants and good performance against the targets set by Coleg Gwent as part of our franchise agreement
- **Ukraine Grant** – Break-even budget – Current projections indicate that all costs relating to Ukraine will be covered by the UK Government grant. At Month 6 we reported a £200k under spend but this

will now be reflected within other department's outturn figures as we move related costs against the grant. The budget is being spent on housing, temporary accommodation, transport, education, well-being and exercise opportunities for refugees.

Offset by over spends in :-

- **Levies, Subscriptions & Donations** - £15k over spend – membership subscriptions to external bodies such as the WLGA and LGA have increased over and above available budget.

<b>PEOPLE &amp; GOVERNANCE DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	28	79	0

#### **PEOPLE & GOVERNANCE DIRECTOR'S COMMENTARY:**

People & Governance is reporting a £79k over spend at Month 9.

Where gaps can be held and recruitment frozen it is being done with a view to an end of year under spend and important systems implementation is being undertaken to derive efficiencies in the next financial year and improve whole authority efficiency.

<b>Communications</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	26	35	22	0

- **Communications** - £22k over spend - due to staff over spends caused by maternity cover and pay band increases plus increases in software licence costs. This has been partially offset by secondment income. The improvement of £13k since M6 is mainly due to savings resulting from staff vacancies that were frozen as part of the budget recovery plan and an improvement in income projection since September.

<b>Democratic Services</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	21	27	22	0

Democratic Services is forecasting to over spend by £22k, this is due to -

- **Members Costs** - £22k over spend – no change from month 6, over spend due to cost pressures caused by transition to new cabinet membership structure and software maintenance costs.
- All other services are forecasting on budget.

<b>Emergency Planning</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'s</b>	0	24	19	0

**Emergency Planning** - £19k over spend – Over spend in staffing mainly due to duty officer standby costs exceeding available budget. These have reduced since M6 and is the reason for the £5k improvement.

<b>Legal and Land Charges</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'s</b>	(7)	(7)	12	0

- **Land Charges** - £13k under spend – this is as a result of improved search income and savings from a vacant post. The under spend has reduced since M6 as search fee income has dropped off towards the end of the year so we have reduced our income projections.
- **Legal Services** - £25k over spend – due to increases in legal costs and systems & software contracts (£27k), potential under recovery of fee income (£38k) offset by under spends in staffing due to delays in recruiting posts (£39k).

## People

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(39)	(51)	2	0

People Services is forecasting to over spend by £2k at Month 9.

- **People Services** – net £12k over spend – mainly due to net under spends in staffing across the department, we are carrying savings as a result of a senior post retirement that will not be filled along with savings generated by the delay in filling posts when a staff member leaves. In addition we are seeing a saving in Occupational Health due to a reduction in demand. This has been offset by the projected cost of the implementation of a new recruitment system within payroll of £164k, there is a potential for this cost to be capitalised so the in-year position could improve. The adverse swing of £46k from Month 6 is due to additional employee costs where staff resource issues required temporary contracts to be extended or external support procured, this was not known at M6.
- **Organisational Development** – £1k over spend – mainly due to inability to achieve staff vacancy saving.
- **Corporate Training** – £11k under spend – mainly due to savings from staff vacancies.

RESOURCES DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	756	608	335	0

The Directorate continues to demonstrate signs of budget pressure, albeit it the month 9 forecast position is an improved one. The directorate has successfully delivered the savings required and that contribute to the in-year budget recovery plan.

Departments will continue in their efforts to reduce or contain cost or pressures where this is practicable and does not have an unacceptable impact on core service delivery.

The most significant factor driving the forecast over spend continues to be in relation to Housing benefits where national policy change has brought about increased expenditure required in relation to the housing needs of the Homeless. Whilst the housing placement cost element of this falls to the Communities & Place directorate, the shortfall in housing benefit subsidy claimable on B&B placements is a significant additional cost to the Resources directorate. There are limited options available to the Council to arrest this situation in the very near term, however the Council is currently exploring options for a more permanent and lower cost solution.

There are significant offsetting under spends within the directorate as a result of staff vacancies being held. It is recognised that some of these vacancies have been unfilled for a significant period and that this is not a sustainable or resilient position for many of the service areas in the directorate to be in, and work is now actively ongoing to rectify this with posts starting to be filled.

## Finance

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	748	871	779	0

Finance is forecasting to over spend by £779k, this is mainly due to -



- **Revenues** - £1.072m over spend, this is due in the main to –
  - **Housing Benefits** - £1.236m over spend - The forecast over spend for emergency homeless B&B placements, for which we are unable to claim full housing benefit subsidy, stands at £1.374m. This has increased by £11,000 since we reported at month 6 and reflects current placement activity. This has been part offset by £137k of administrative funding from Welsh Government for the household support schemes that councils are administrating on their behalf and an anticipated under spend against MCC's contribution to the DHP budget, as we look to utilise available grant funding first. Work to find alternative accommodation options is ongoing, although there is no certainty that this will mitigate demand and reduce the pressure on the budget.
  - **Council Tax** - £56k over spend – due to a shortfall in summons income of £33k, to date, half the council tax accounts that are in arrears have been summonsed, with the other half expected before the year end. The remaining over spend is caused by a budget deficit of £23k caused by adjustments relating to the Resources restructure, this has been offset by savings listed within Finance below.
  - **Debtors and Charity relief** - £221k under spend – The forecast under spend is made up of a number of elements. A saving of £126,000 is expected as money set aside for a business rate scheme is unlikely to be utilised this year. Also £88,000 administration grant funding (net of known expenditure) is expected for the various grant support schemes that are being administered on behalf of Welsh Government. In addition, there is a small under spend in Debtors due to reduced printing & postage costs (£5k).
- **Finance** - £166k under spend – There has been a number of vacant posts during the year resulting in a saving against staffing budgets, the majority of these posts have now been filled meaning this under spend will not be repeated next year.
- **Audit** - £83k under spend – This is due to staff vacancies, the improvement since M6 relates to the decision to freeze recruitment of 1 post as part of budget recovery plan.
- **Systems & Cashiers** – £43k under spend – due to:
  - **Cashiers** - £4k over spend - The delay in fully implementing the decision to remove cheques has meant we will be unable to achieve the £20,000 staff saving that was carried over in the budget from 2020/21. This pressure has been partially offset by in year staff vacancies and reduced collection costs for our Security Carrier, bringing the over spend down to £4,000.
  - **Systems** - £45k under spend - The under spend is made up of £14,000 savings due to vacancies within the team at the start of the year, a £24,000 saving against the system programme budget as the anticipated replacement of a purchasing system has been deferred into 2023/24 and £7,000 additional income has been received for the purchase card rebate. The increase in the under spend since month 6 reflects the requirement to hold off the replacement of the purchasing system.

### Future Monmouthshire

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	(5)	(5)	0

Staff costs have been recovered from external partners.

### Information, Communication & Technology

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(58)	(59)	(108)	0

ICT is forecasting to under spend by £108k at month 9, this is due to:

- **Digital Programme Office** - £37k under spend – due to savings in allowances and subsistence (£2k) and a managed reduction in equipment spend (£35k) as part of budget recovery plan.
- **Shared Resource Service** - £32k under spend – our contribution to the SRS service is currently projecting to be less than budget.
- **Digital Design & Innovation** - £17k under spend - mainly due to savings in staffing where a post has been replaced at a lower grade.
- **Cyber Security** - £22k under spend - due to staff savings as a post was only filled in May and savings on supplies & services.

### Commercial & Corporate Landlord

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	71	(197)	(331)	0

Commercial & Corporate Landlord is forecasting to under spend by £331k, due to:

- **Investment Properties** - £144k over spend, due to:
  - **Newport Leisure Park** - £36k over spend – we are currently projecting to generate a £76k surplus on NLP this year although this is £36k below our budgeted target. The swing from month 6 to month 9 relates to the loss of a tenant who has gone into administration. We continue to market the vacant units and are confident of re-letting in 23-24 which will see a considerable increase in income next financial year.
  - **Castlegate Business Park** - £108k over spend – Castlegate has significantly improved its position with the rental of 3 vacant units this year, which has considerably reduced our landlord liabilities, however the rent free period means we will fall short of our income target and also incur one off agency fees associated with securing these new rentals which was unbudgeted at month 6. The rent-free period is now complete and in 23-24 will see a full year of rental income increasing the income generated next year by £134k.
- **Landlord Services** - £273k under spend – rental income has increased over budget mainly as a result of the recovery of the rental of Innovation House from the Ukrainian Grant Fund (£172k), in addition there are savings from vacant posts that will now not be filled until next financial year and is the reason for the improvement from M6.
- **Cemeteries** - £34k under spend – Position has improved since month6 and is due to income projections now exceeding original forecasts.
- **County Farms** - £11k over spend – income projections are down due to a number of empty farms, but we have received some late windfall income that has helped improved the position by £24k since month 6.
- **Industrial Units** - £37k under spend – Rental income has increased above budget due to a number of new lettings.
- **Markets** - £127k over spend. This is due to the markets still recovering from Covid-19. Whilst rent prices have returned to pre Covid-19 levels we have seen a decrease in the number of traders. The new layout at Abergavenny market has now been implemented and we have seen a small rise in rental income, but we are still £97k under budgeted targets. There is also a net increase in spend of £30k mainly due to an increase on waste disposal costs.
- **Property Services** – £270k under spend – Main reason for the saving is due to a managed under spend on building maintenance as part of the Month 6 budget recovery plan. There has not been a reduction in works just a passporting of qualifying spend from revenue to available capital funding creating a £322k under spend. In addition we are forecasting a £44k saving due to staff vacancies and improved fee income. This has been part offset by a net budget pressure of £96k in

accommodation mainly due to unfunded borrowing costs relating to the refurbishment of J Block (£70k) and an increase in cleaning spend as post Covid-19 requirements have increased costs above available budget (£77k), this has been offset by a maintenance under spend across our office sites of £51k.

<b>CORPORATE COSTS &amp; LEVIES DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	1,918	1,896	1,889	0
<b>Precepts &amp; Levies</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(2)	(0)	0	0
No variance forecast.				
<b>Coroners Services</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	0	0	0
No variance forecast.				
<b>Corporate Management</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(2)	(37)	(84)	0
Forecast has increased following notification of the anticipated Crematorium dividend.				
<b>Non-Distributed Costs</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	0	15	0
Pension Strain Costs associated with early retirements have now been notified by the Greater Gwent Pension Fund.				
<b>Strategic Initiatives</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	2,017	2,017	2,049	0
The agreed pay award offer of £1,925 for non-teaching staff during 2022/23 has resulted in a pressure of £2.049m for the authority. The overall cost of pay awards are accurately shown within the various service forecasts throughout this report, however a corresponding budget has also been transferred from the Corporate section to services to reflect the pressure over and above the budgeted pay award. This ensures that services are fully funded for the additional pressure and ensure future budgets accurately reflect the expected pay bill.				
<b>Insurance</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(95)	(84)	(91)	0
The Council has been out to tender for its insurance cover which resulted in premiums payable for 2022/23 being less than anticipated and reflective of a very competitive insurance market.				
<b>APPROPRIATIONS DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>

<b>Deficit / (Surplus) £'000s</b>	<b>(225)</b>	<b>(250)</b>	<b>(446)</b>	<b>0</b>
<b>Fixed Asset Disposal Costs</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No variance forecast.				
<b>Interest &amp; Investment Income</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(241)</b>	<b>(550)</b>	<b>(702)</b>	<b>0</b>
Continuing Improved returns against the authority's investments due to a further increase in interest rates.				
<b>Interest Payable &amp; Similar Charges</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>191</b>	<b>672</b>	<b>629</b>	<b>0</b>
Expected borrowing levels have reduced since month 6 and reduced overall interest payable.				
<b>Charges Required Under Regulation</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(51)</b>	<b>(47)</b>	<b>(47)</b>	<b>0</b>
This budget covers the statutory amount the Council is obliged to set aside to fund future loan repayments and the forecast is slightly lower than the £6.7m budget due to slippage in the 2021/22 capital programme that was funded from borrowing (MRP costs start the year after the corresponding expenditure).				
<b>Borrowing Cost Recoupment</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(325)</b>	<b>(325)</b>	<b>(325)</b>	<b>0</b>
This budget represents a technical accounting adjustment where borrowing costs relating to the purchase of capital assets is repatriated from service budgets to ensure that the full life cost of assets is borne by the end user. The variance to budget relates to vehicles purchased at the end of 2021/22 which were originally anticipated to be financed through a sale and leaseback arrangement, however following an options appraisal were found to be more cost effective to be purchased outright and financed from borrowing.				
<b>Contributions to / from Reserves</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>
An over spend of £200k was shown at month 4 to match 200k under spend in Planning Policy for reserves no longer required in year. A budget adjustment has since been made resulting in 200k favourable movement which will be matched by a 200k adverse movement within the planning section.				
<b>FINANCING DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(542)</b>	<b>(504)</b>	<b>(437)</b>	<b>0</b>

<b>Council Tax Benefit Support</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(222)</b>	<b>(204)</b>	<b>(245)</b>	<b>0</b>
It remains difficult to forecast the outturn position with any certainty. Caseload is now closer to pre pandemic levels. However, it does fluctuate on a monthly basis, hence the swing between month 6 and 9.				
<b>Council Tax</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(320)</b>	<b>(300)</b>	<b>(192)</b>	<b>0</b>
Continue to anticipate a surplus in income collected this year, although things have changed since month 6. Generally, the tax base remains strong. However the upward trend noted at month 6 of an increase in discounts being awarded has continued, which has reduced the amount of income likely to be collected this year.				
<b>General Government Grants</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income received to budget.				

## 2. SCHOOL BALANCES

2.1. A Board of Governors who are responsible for managing the school's finances directly governs each of the Authority's Schools. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools. Below is a table showing the outturn forecast Schools' balances position based on month 6 projections for each Educational Cluster.

<b>Cluster</b>	<b>(A) Opening Reserves (Surplus) / Deficit Position 2022/23 £000's</b>	<b>(B) Draw / (Contribution) from / (to) School Balances @ Month 4 £'000</b>	<b>(C) Draw / (Contribution) from / (to) School Balances @ Month 6 £'000</b>	<b>(D) Draw / (Contribution) from / (to) School Balances @ Month 9 £'000</b>	<b>(A+D) Forecast Reserve Balances at 2022/23 Outturn £'000</b>
Abergavenny	<b>(2,145)</b>	1,181	1,272	1,237	<b>(908)</b>
Caldicot	<b>(2,165)</b>	1,570	1,284	1,204	<b>(961)</b>
Chepstow	<b>(695)</b>	863	899	827	131
Monmouth	<b>(1,869)</b>	1,425	1,353	1,211	<b>(658)</b>
Special	<b>(82)</b>	106	91	174	92
<b>Total</b>	<b>(6,956)</b>	5,145	4,900	4,653	<b>(2,304)</b>

2.2. Collective School Balances at the beginning of the financial year amounted to £6,956,114 surplus. At Month 4, the Schools forecasted anticipated draw on reserves was £5,145,631, resulting in a forecasted surplus balance of £1,810,483 at year-end. At Month 6, the forecast anticipated draw on reserves had reduced by £246,131 to £4,899,501, resulting in a forecast surplus balance of £2,056,614 at year end. At Month 9, the forecast anticipated draw on reserves has reduced further by £247,136 to £4,652,365, resulting in a forecast surplus balance of £2,303,749 at year end.

(The majority of the surplus balance brought forward into 2022-23 was due to several grants being awarded to schools at 2021-22 year end; Revenue Maintenance, Winter of Wellbeing, ALN New System, Recruit Recover & Raise Standards, Attendance Support & Community Schools, RISG and LA Education Grant).

2.3. The Local Authority budget for 2022/23 made allowance for a pay award for school staff up to a threshold of a 3%, with any award agreed above this level to be funded from school balances. This accounts for £1.2m of the overall £4.6m forecast draw upon school balances this year.

2.4. The movement of individual schools forecast to be in deficit at the end of the year is shown below:

Start of year	Month 4	Month 6	Month 9
Total: 1	Total: 7	Total: 8	Total: 9
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive
	Ysgol Y Fenni	Ysgol Y Fenni	Ysgol Y Fenni
	Archbishop Rowan Williams (CIW)		
	Cross Ash	Cross Ash	
	Kymin View		
	Llandogo	Llandogo	Llandogo
	Pupil Referral Service	Pupil Referral Service	Pupil Referral Service
		Deri View	Deri View
		Rogiet	
		Thornwell	Thornwell
			Llantillio Pertholey
			The Dell
			Overmonnow

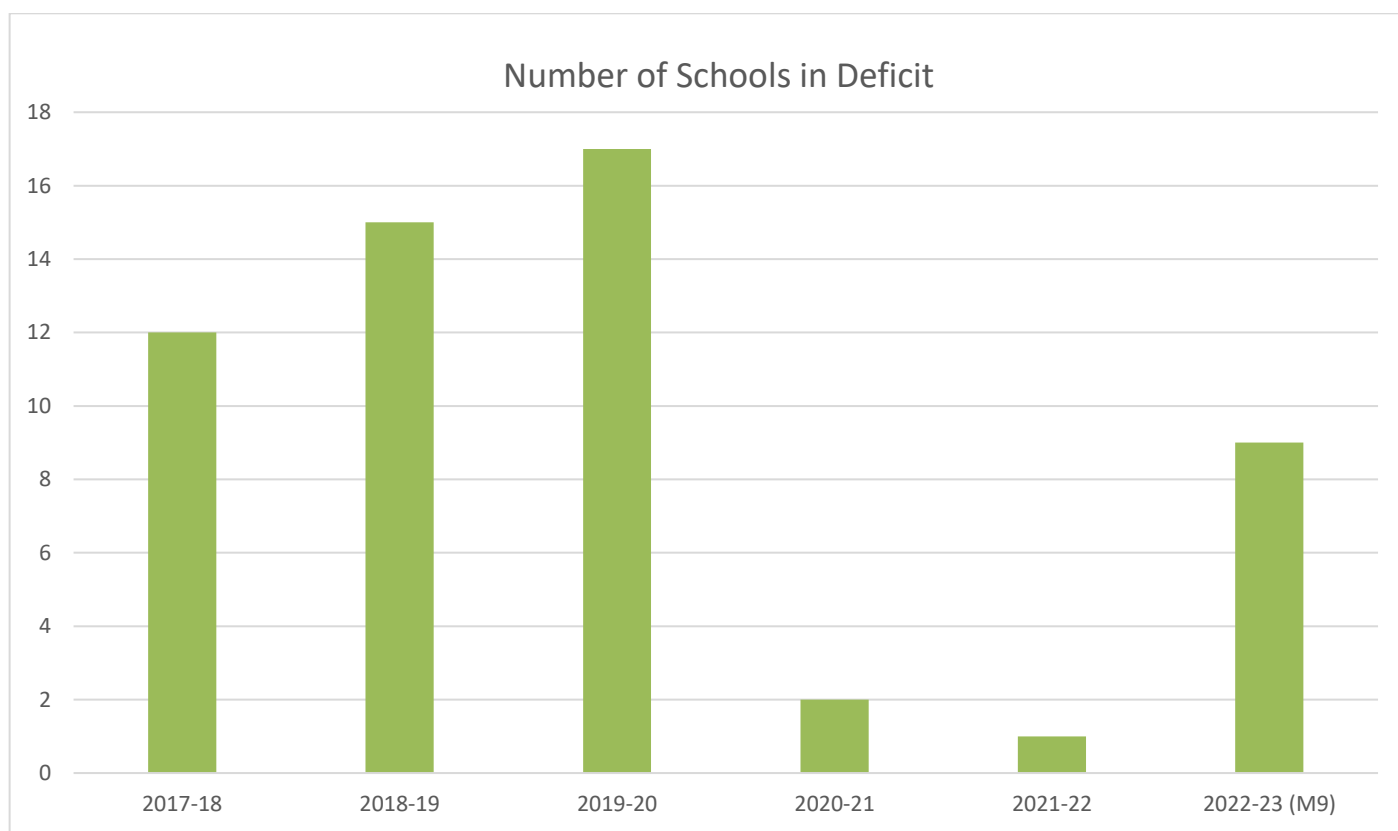
2.5. There isn't a consistent picture of schools' balances. There has been a fluctuating trend for some time with some schools showing a continuing reduction in schools balances, which is of concern, and others a more stable trend. However, as previously advised, grants awarded to schools at 2020/21 and 2021/22 year-ends have resulted in a large increase in overall school balances. Schools have developed grant investment plans in line with the terms and conditions of these grants which informed their 2022/23 budgets.

2.6. The projected return of nine schools into deficit balance by the end of the year is disappointing and points to inherent structural budget deficits remaining in some cases, or a lack of planning for budgetary risks in the current economic environment. Finance officers will continue to work closely with those schools of concern and look to aid the return to a more sustainable budget plan over the medium term.

- 2.7. All schools that do register a deficit balance at the end of a financial year are required to bring forward budget recovery plans. These recovery plans will be confirmed with both the Local Education Authority and each School's Governing Body. Once finalised the schools with significant deficits will be monitored by the Cabinet member for both Children and Young People and Resources on a termly basis.

Financial Year-end	Net level of School Balances
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19	232
2019-20	435
2020-21	(3,418)
2021-22	(6,956)
2022-23 (Forecast)	(2,304)

- 2.8. The increase in school balances during 2020/21 and 2021/22 resulted in a reduction in the number of schools in deficit, as illustrated in the following table. Unfortunately, the current projection is a return of nine schools into deficit balance by the end of the year:-



### 3. CAPITAL OUTTURN

3.1 The summary forecast Capital position at Month 9 is as follows:

Select Portfolio	Slippage B/F	Original Budget	Budget Adjustments	Provisional Slippage	Revised Budget 2022/23	Forecast Month 9	Variance to Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Expenditure</b>							
Capitalisation Directive	0	2,650	0	0	2,650	3,410	760
Development Schemes Over £250k	13,873	330	3,151	(4,089)	13,266	13,610	344
Development Schemes Under £250k	605	2,360	853	(2,213)	1,605	1,424	(181)
Schools & Education	637	13,681	1,666	0	15,984	15,984	0
Infrastructure	1,357	5,593	30	(262)	6,717	6,785	67
ICT Schemes	552	882	0	(307)	1,127	1,128	1
Property Maintenance	2,686	2,190	0	(245)	4,632	4,304	(328)
Renovation Grants	912	900	0	0	1,812	1,373	(439)
Section 106	1,147	0	0	(733)	414	414	0
Specific Grant Funded	3,679	1,000	8,342	(1,072)	11,949	11,650	(299)
Vehicle Leasing	0	1,500	0	0	1,500	1,758	258
<b>Total Expenditure</b>	<b>25,448</b>	<b>31,086</b>	<b>14,042</b>	<b>(8,920)</b>	<b>61,656</b>	<b>61,839</b>	<b>183</b>
<b>Financing</b>							
Supported Borrowing	0	(2,431)	0	0	(2,431)	(2,431)	0
General Capital Grant	0	(3,593)	0	0	(3,593)	(3,593)	0
Grants and Contributions	(5,494)	0	(21,713)	1,788	(25,419)	(25,684)	(265)
S106 Contributions	(1,854)	0	0	702	(1,152)	(1,152)	0
Unsupported Borrowing	(14,590)	(19,967)	7,671	5,980	(20,906)	(19,658)	1,248
Earmarked Reserve & Revenue Funding	(192)	0	0	13	(179)	(179)	0
Capital Receipts	(3,318)	(3,596)	0	437	(6,477)	(7,385)	(908)
Leasing	0	(1,500)	0	0	(1,500)	(1,500)	(258)
<b>Total Financing</b>	<b>(25,448)</b>	<b>(31,086)</b>	<b>(14,042)</b>	<b>8,920</b>	<b>(61,656)</b>	<b>(61,839)</b>	<b>(183)</b>

3.2 The capital expenditure forecast outturn at month 9 is demonstrating a net over spend £183k, due to the following variances identified:

Scheme Category	Scheme	Over / (Under) spend £000's	Comment
Capitalisation directive	Capitalisation directive	760	Identification of further revenue costs, over and above the £2.65m already budgeted, that can be categorised as enabling service transformation,



Scheme Category	Scheme	Over / (Under) spend £000's	Comment
			and that can be legitimately funded from capital receipts under regulations.
Development Schemes Over £250k	Crick Road Care Home	151	Additional costs in fitting-out equipment required for resident's privacy. An additional bid has been submitted to ABuHB for additional RIF funding to offset the overspend.
Development Schemes Over £250k	Property Acquisition for Children and Young People with Complex Needs	114	Additional refurbishment costs over and above original cost projection. A bid has been made to the Regional Integration Fund and we are waiting for a decision to offset the forecasted overspend.
Development Schemes Over £250k	Abergavenny borough theatre refurbishment	390	Increase over and above original construction cost projection due to unforeseen lighting costs and over-run charges from contractor. If funding cannot be found within programme, the service will borrow as per Cabinet report.
Infrastructure	Tintern Wireworks Bridge	148	The refurbishment of the Tintern Wireworks Bridge at Tintern in conjunction with Gloucestershire County Council is currently forecast to overspend by £148k, due to the complexity of restoring this listed structure and the increased cost of materials.
Specific Grant Funded	Siltbuster	76	The Siltbuster project is forecast to be £76k overspent due to increased costs. This will be funded from additional borrowing which will be funded by the Highways revenue budget.
Leasing	Leasing	258	Vehicle requirements are above the budget set and will be financed via leasing or borrowing dependent upon the options appraisal towards year end.
Development Schemes Over £250k	Usk County Hall J Block Major Refurb	(759)	The scheme of works originally planned has changed following evolving accommodation needs in a post pandemic era.
Disabled Facilities grants	Disabled Facilities grants	(439)	An under spend due to a delay in works over the pandemic period that means the overall budget available is more than can be reasonably carried out given capacity. The increase in referrals since Month 6 has reduced the projected under spend, including a £96k vat adjustment.
Specific Grant Funded	Grant –Match Funding Support Allocation	(300)	A lower than expected requirement to match fund grant bids.
Infrastructure	Penyrhiw Sewage Treatment Works	(100)	Scheme not proceeding in current form.
Development Schemes Under £250k	Access for All	(61)	Under spend - current projections are showing a spend of £200k on access schemes for this year.
Maintenance Schemes - General	School Refurbishment Grant	(55)	Funding to be earmarked for upgrade of Capita One system in 2023/24.

3.2 Capital Slippage of £8.920m is forecast at month 9, as numerous schemes have advised of delays within their project timescales. Previous years trends indicate that slippage will be much higher than this at year-end, especially against a £61.6m overall budget.

- £2.2m for the Asset investment fund as this has been put on hold awaiting a new strategic direction of investments by the Cabinet.
- £2m for Housing homeless provision due to the complex lead time of acquiring properties.
- £1.062m for Match Funding of externally financed Grant schemes which is dependent upon grant availability and timescales
- £670k Trellech Primary Nursery Childcare Scheme delay to start of scheme.
- £640k Archbishop Rowan Williams Primary School Nursery, delay to start of scheme.
- £478k Welsh Medium Seedling Nursery, delay to start of scheme.
- £213k Shire Hall / Museum move as awaiting grant approvals from third parties.
- £188k Wye Bridge Chepstow works - Delay in site works
- £170k SRS Data Hall migration due to delays involving commercial providers
- £124k ICT Desktop replacement budget, delay due to implementation of replacement programme
- £74k Wye Bridge Monmouth works - Delay to final repair works
- £58k Caerwent House Major Repairs - delay in legal process
- £50k Chepstow Leisure Centre – Delay to upgrade to Fitness equipment and Centre alterations.
- £13k Provision of online facilities Revenue's section - Delay in development works
- £10k for Castle Dell Play Area in Chepstow upgrade

### Section 106 Schemes

- £366k for Abergavenny Velo Park awaiting planning consent for project delivery
- £102k for Kingswood Gate - Williams Field Lane - Active Travel Path delay to scheme
- £80k for Goytre Playing Field Recreational & Play Facilities upgrade delays around SUDs planning
- £30k for Clydach Ironworks Enhancement Scheme delays in procurement and land transfer
- £28k for Little Mill Trail due to land ownership delays.
- £25k for the Abergavenny Skate Park as delay in appointment of contractors
- £26k for Chippenham Mead Play Area delay to appointment of contractor
- £25k for Children's Voices in Play project has been delayed due to third party issues.
- £20k for Llantilio Pertholey Primary School Pedestrian Access due to contractor delays
- £15k for Off Road Cycling Feasibility Study delayed by planning issues
- £14k for Wyesham Highways Road Safety Improvements due to contractor delays
- £3k for Sudbrook Play Park Equipment due to contractor delays

## 3.4 Useable Capital Receipts Available

3.5 In the table below, the effect of the changes to the forecast capital receipts on the useable capital receipts balances available to meet future capital commitments are illustrated.

Month 9 update	2022/23	2023/24	2024/25	2025/26	2026/27
	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April	8,773	9,891	7,106	6,009	4,511
Capital receipts used for financing	(3,975)	(1,731)	(1,194)	(1,094)	(1,094)
Capital receipts used to support capitalisation direction	(3,410)	(3,008)	(508)	(508)	(508)
Capital receipts for redundancies	0	(1,000)	0	0	0
Capital receipts received	7,072	0	0	0	0

Capital receipts forecast	1,430	2,954	604	104	104
<b>Forecast Balance as at 31st March</b>	<b>9,891</b>	<b>7,106</b>	<b>6,009</b>	<b>4,511</b>	<b>3,014</b>

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Disinvestment Matrix 2022-23

REF.	Disinvestment 2022-23	2022/23 Budgeted Savings	Value of Saving forecast at Month 4	Value of Saving forecast at Month 6	Value of Saving forecast at Month 9	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable YTD
		£000	£000	£000	£000	£000	£000	£000
	Social Care & Health	(120)	(120)	(120)	(120)	0	0	0
	Communities & Place	(959)	(959)	(959)	(959)	0	0	0
	Resources	(300)	(300)	(300)	(300)	0	0	0
	Chief Executives Unit	(33)	(33)	(33)	(33)	0	0	0
	Corporate Costs & Levies	(717)	(717)	(717)	(717)	0	0	0
	Totals Disinvestments by Directorate	(2,129)	(2,129)	(2,129)	(2,129)	0	0	0

REF.	Disinvestment 2022-23	2022/23 Budgeted Savings	Value of Saving forecast at Month 4	Value of Saving forecast at Month 6	Value of Saving forecast at Month 9	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	Assessment of Progress	Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000	£000	£000			
SC15	Fees & Charges 2022/23	(120)	(120)	(120)	(120)	0	0	0	■	On Target	Low
	<b>Total Social Care &amp; Health</b>	<b>(120)</b>	<b>(120)</b>	<b>(120)</b>	<b>(120)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
C&P10	Increase in discretionary Fees & Charges	(13)	(13)	(13)	(13)	0	0	0	■	On Target	Low
C&P4	Waste management savings - Contract & dry recyclates rates	(856)	(856)	(856)	(856)	0	0	0	■	On Target	Low
C&P4	Street Lighting - Energy Savings	(90)	(90)	(90)	(90)	0	0	0	■	On Target	Low
	<b>Total Communities &amp; Place</b>	<b>(959)</b>	<b>(959)</b>	<b>(959)</b>	<b>(959)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
PCEO0003	Reversal of previous pressure - Contact Centre - Additional staff to cope with booking system at HWRC	(33)	(33)	(33)	(33)	0	0	0	■	On Target	Low
	<b>Total Chief Executive's Unit</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
RES 11	Solar farm income increase	(300)	(300)	(300)	(300)	0	0	0	■	On Target	Low
	<b>Total Resources</b>	<b>(300)</b>	<b>(300)</b>	<b>(300)</b>	<b>(300)</b>	<b>0</b>	<b>0</b>	<b>0</b>			
CORP 5	Increase in Capitalisation directive	(442)	(442)	(442)	(442)	0	0	0	■	On Target	Low
CORP 10	Council tax base increase	(275)	(275)	(275)	(275)	0	0	0	■	On Target	Low
	<b>Total Corporate Costs &amp; Levies</b>	<b>(717)</b>	<b>(717)</b>	<b>(717)</b>	<b>(717)</b>	<b>0</b>	<b>0</b>	<b>0</b>			

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	A	B	C	D	A + D
	Opening Reserves 2022-23 (Surplus)/Deficit	In Year position at Month 6 (Surplus)/Deficit	Difference reported from Month 6 to Month 9 (Surplus)/Deficit	In Year position at Month 9 (Surplus)/Deficit	Projected carry forward at year end 2022-23 (Surplus)/Deficit
<b><u>Abergavenny cluster</u></b>					
E003 King Henry VIII Comprehensive	(755,570)	389,048	(88,646)	300,402	(455,168)
E073 Cantref Primary School	(254,092)	135,791	(32,818)	102,973	(151,119)
E072 Deri View Primary School	(189,790)	203,791	26,227	230,019	40,228
E035 Gilwern Primary School	(230,955)	116,685	20,472	137,157	(93,798)
E037 Goytre Fawr Primary School	(117,735)	82,308	16,961	99,269	(18,466)
E093 Llanfoist Fawr Primary School	(219,419)	84,124	6,145	90,268	(129,151)
E044 Llantillio Pertholey CiW Primary School (VC)	(109,698)	85,773	26,806	112,579	2,880
E045 Llanvihangel Crucorney Primary School	(136,822)	46,100	11,314	57,414	(79,407)
E090 Our Lady and St Michael's RC Primary School (VA)	(58,649)	32,708	(5,907)	26,801	(31,847)
E067 Ysgol Gymraeg Y Fenni	(72,015)	95,619	(15,967)	79,652	7,636
<b><u>Caldicot cluster</u></b>					
E001 Caldicot School	(807,785)	574,327	17,102	591,429	(216,356)
E068 Archbishop Rowan Williams CiW Primary School (VA)	(171,322)	99,221	44,751	143,972	(27,350)
E094 Castle Park Primary School	(159,298)	107,556	(24,464)	83,092	(76,206)
E075 Dewstow Primary School	(358,616)	123,801	(71,351)	52,450	(306,167)
E034 Durand Primary School	(104,979)	73,835	2,401	76,236	(28,743)
E048 Magor CiW Primary School (VA)	(196,816)	55,895	(24,561)	31,334	(165,482)
E056 Rogiet Primary School	(89,223)	104,310	(18,727)	85,583	(3,639)
E063 Undy Primary School	(210,643)	100,617	(1,843)	98,774	(111,868)
E069 Ysgol Gymraeg Y Ffin	(66,783)	44,644	(3,536)	41,108	(25,675)
<b><u>Chepstow cluster</u></b>					
E002 Chepstow School	124,934	391,748	(141,012)	250,736	375,670
E091 Pembroke Primary School	(218,667)	126,891	(59,948)	66,943	(151,724)
E057 Shirenewton Primary School	(239,292)	130,154	4,224	134,378	(104,914)
E058 St Mary's Chepstow RC Primary School (VA)	(104,932)	54,376	7,500	61,876	(43,056)
E060 The Dell Primary School	(146,839)	78,736	89,747	168,483	21,644
E061 Thornwell Primary School	(110,622)	117,592	26,832	144,425	33,802
<b><u>Monmouth cluster</u></b>					
E004 Monmouth Comprehensive	(814,258)	588,867	(121,401)	467,466	(346,792)
E032 Cross Ash Primary School	(79,755)	83,120	(30,888)	52,232	(27,523)
E092 Kymin View Primary School	(133,714)	112,050	(11,147)	100,903	(32,811)

	Opening Reserves 2022-23 (Surplus)/Deficit	In Year position at Month 6 (Surplus)/Deficit	Difference reported from Month 6 to Month 9 (Surplus)/Deficit	In Year position at Month 9 (Surplus)/Deficit	Projected carry forward at year end 2022-23 (Surplus)/Deficit
E039 Llandogo Primary School	(214)	8,775	8,674	17,449	17,235
E074 Osbaston CiW Primary School (VC)	(93,147)	69,340	9,268	78,608	(14,539)
E051 Overmonnow Primary School	(162,470)	143,262	33,812	177,074	14,604
E055 Raglan CiW Primary School (VC)	(160,593)	46,318	(26,217)	20,101	(140,492)
E062 Trellech Primary School	(153,939)	100,635	(14,628)	86,007	(67,932)
E064 Usk CiW Primary School (VC)	(270,840)	200,575	10,624	211,199	(59,641)
Cluster Total	<u>(6,874,560)</u>	<u>4,808,594</u>	<u>(330,202)</u>	<u>4,478,392</u>	<u>(2,396,168)</u>
<b>Special School</b>					
E095 PRU	(81,554)	90,907	83,066	173,973	92,419
Special School Total	<u>(81,554)</u>	<u>90,907</u>	<u>83,066</u>	<u>173,973</u>	<u>92,419</u>
Overall Total	<u><u>(6,956,114)</u></u>	<u><u>4,899,501</u></u>	<u><u>(247,136)</u></u>	<u><u>4,652,365</u></u>	<u><u>(2,303,749)</u></u>



Service budget recovery plan - Month 9 update

Directorate	Initial target £000's	Initial proposals £000's	Month 9 Forecast	Variance
Children & Young People	217	217	217	0
Social Care, Health & Safeguarding	1,122	800	467	(333)
Communities & Place	457	537	537	0
MonLife	88	97	88	(9)
People & Governance	91	11	11	0
Chief Executives Unit	63	147	129	(18)
Resources	148	377	377	0
<b>Total</b>	<b>2,185</b>	<b>2,185</b>	<b>1,825</b>	<b>(360)</b>

Children & Young People

Indicative saving target: (£000's) 217

Initial options 217 217

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method	Details	Risk Factor	Progress at Month 9
					<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
CYP1	Education Psychology	Saving generated by not filling 0.4 FTE of a post	22	22	Not filling a vacant post	Following a recent recruitment process for a full time Education Psychology post the successful applicant has asked to work 3 days leaving 2 days vacant. The service is able to accommodate this.	Low	To be met in full
CYP2	Primary Behaviour support	Due to the delay in being able to recruit to the posts this has generated a saving	106	106	Delay in recruiting to the service	Due to a restructure there has been a delay in recruiting to this service therefore 9 months saving has been made on the budget.	Low	To be met in full
CYP3	Photovoltaic Recharges (Schools)	To release some of the surplus balance to support the recovery plan	89	89	Releasing some of the reserve	Following the installation of photovoltaic panels on at some school the recharges have been put in a reserve to be used for energy efficiency projects, the surplus reserve has been increasing year on year and no projects have been proposed. If agreed this would still leave £136k for projects	Low	To be met in full

Social Care, Health & Safeguarding

Indicative saving target: (£000's)

1,122

Initial options 800 467

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method	Details	Original Risk Factor	Progress at Month 9
					<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
SCH1	Children's	Reduce Placement Support Costs	38	38	Reduction in services	We have moved a younger person out of an OWR into a supported accommodation placement and are in the process of reducing the child's level of support	L - the care plan is on track	To be met in full
SCH2	Children's	Placement Cost	20	20	Reduction in services	We have moved a younger person from an OWR onto Skirrid which is now registered as a 2 bed (previously 1 bed). The plan is to move another child into the 2nd placement which will reduce the costs of the 2nd child's placement at £5,700 per week	M - sibling group complex needs, recently come into care, aim for joint March is achievable, pending on successful transition.	To be met in full
SCH3	Children's	Placement Cost	50	50	Changed Supplier	Child in OWR placement requiring agency residential care. A new supplier is now available at reduced cost.	L - change in supplier has already been made	To be met in full
SCH4	Children's	Placement Cost	22	22	Change of Care Plan	Child was rehabilitated to family member, which was not identified in M6 forecast	L - it has already happened	To be met in full
SCH5	Children's	Placement Cost	150	127	Reduction in services	At M6 forecast was based on a 6:1, the current clinical assessment indicates 5:1 moving to 4:1. The child will be moving to bespoke accommodation.	M - £100K is Low risk as this equates to the reduction of 1 carer which is now in place. The further reduction of 1 carer will depend on outcome of clinical assessment following transition to new accommodation.	Substantially met
SCH6	Children's	Recruitment	8	8	Convert agency to T & C	An agency safeguarding TM has been in place, who has now been successfully appointed on T & C	L - successful appointment has been enacted, awaiting checks.	To be met in full
SCH7	Children's	Delay recruitment	12	12	Not filling vacancy	3 day Social Work post in the Children With Disabilities team	L - this is the status quo, so the work / risk is currently managed.	To be met in full
SCH8	Children's	Delay recruitment	4	4	Not filling vacancy	1 day Social Work post Families Together team	L - this is the status quo, so the work / risk is currently managed.	To be met in full
SCH9	Children's	Service re-design	12	12	Changing posts	Convert x2 agency Social Worker posts in the Long Term Support Team to x2 Family Support Workers	M - the risk is whether we are able to recruit in time to realise the savings	To be met in full
SCH10	DMT	Staffing	6	4	Not filling vacancy and releasing agency	0.5 Chief Officer Business Support and use Business Support for Head Of Adult Service instead	L - the post is shared with CO CYP so this may be jeopardised	Slight shortfall against target
SCH11	DMT	Delay recruitment	8	8	Delay recruitment	Delay arrival of Head Of Adult Service by 3 weeks	L - the risk is delay in further development and implementation of the MTFP	To be met in full
SCH12	Transformation	Utilise a WG grant	40	40	Additional income	An in-year Performance Grant has been awarded which can be used against a reconfigured performance post (to off-set core funding)	L - grant already claimed	To be met in full
SCH13	Transformation	Utilise a WG grant	50	50	Additional income	An in-year Workforce Development Grant has been applied for which can be used to off-set core funding for recruitment activity that has already been undertaken	M - the outcome of the application process is still pending	To be met in full
SCH14	YOS	Utilise a WG grant	10	10	Additional income	A Ministry Of Justice grant has been awarded to the YOS for prevention which we propose is used to off-set core funding	L - the grant criteria still needs to be worked through	To be met in full
SCH15	Directorate Staffing	Delays to recruitment	50	50	Delay filling vacancies	Delay to 1 data and performance lead, 1 EHO and 1 BS.	L - continues the status quo	To be met in full
SCH16	Directorate Staffing	Delays to recruitment	50	12	Delay filling vacancies	There are currently at least 36 vacancies within the directorate, which can be actively managed to mitigate the pressures.	M - this will require control via any recruitment being authorised by DMT. It will create workforce pressures regarding the unmet need.	Since month 6 we have actively sought not to recruit into posts within the Commissioning and Mental Health teams. In regards to Care at Home where active recruitment is in place this has the added benefit of targeting and reducing unmet need, specifically in terms of reablement, aligning to the principals of the 2023/24 SCH10 savings mandate.
SCH17	Adult Services	POC costs	200	0	Reduction in services	There are approximately 18 24 hour live-in care packages which are not pegged to our Fair Fee for residential care	M - social work time required to undertake the review, query over how much of the care can be safely reduced within this year.	Even though there has been no reduction at month 9 in 24 hour care package numbers and we have now ascertained those care packages are aligned to our residential rate, work is being targeted at reviewing those care packages to determine a strategy to "pull back" care.
SCH18	Adult Services	Debt Recovery	10	0	Additional income	The saving is predicted on targeted reduction of £100,000 in debt, which in turn will reduce the bad debt provision by £10K.	M - Reason for medium is the length and value of debt will be difficult to recover	Overall debt has continued to increase from £1.1M to £1.5M, with any reduction in bad debt provision only being realisable from that older debt, such as long standing difficult non payers. On the positive note, we have had success in recovering debt for newer clients, albeit this has no direct consequence on the bad debt provision.

Social Care, Health & Safeguarding  
 Indicative saving target: (£000's)

1,122

Initial options 800 467

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method <i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	Details <i>A brief description of the proposal including any risks to being able to deliver</i>	Original Risk Factor <i>Low, Medium, High</i>	Progress at Month 9 <i>Progress against initial saving target</i>
SCH19	Adult Services	Means Tested Policy	60	0	Additional income	Ensure social workers discuss means tested charges with clients before care is provided and ensure the financial assessment process has been started.	L - Should be done as its laid down in legislation and the Authority's charging policy and procedures. Challenge is in embedding correct control mechanism	Income from charging remains stable and unchanged since month 6. Attention continues to ensure care practitioners do, from the very outset, inform clients of the fact services are means tested and following the Council's laid down procedure for charging, which aligns to the 2023/24 SCH6 saving mandate.

## Communities &amp; Place

Indicative saving target: (£000's)

457

Initial options

537

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method	Details	Risk Factor	Progress at Month 9
					<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
C&P1	Street Lighting	Reduction in in-year revenue maintenance spend.	50	67	Passporting qualifying spend to capital budgets	Passporting qualifying spend to capital budgets	Low	Exceed target
C&P2	Grounds Maintenance	Drawing of S106 Commuted sum payment	200	147	Additional income	Further draw on S106 commuted sum - using unspent funds saved up from previous years. One-off benefit.	Low	Below target - S106 funding available is below original estimate.
C&P3	Car Parks	Realisation of Pay & Display income from opening of Severn Tunnel junction car park - Jan-March	10	0	Additional income	New car park coming on line in January. There is a risk around whether this level of income is achievable but this risk is felt to be low.	Low	Risk that saving will now not be made due to delay in car park opening.
C&P4	Highways Traffic Mgt	Further release of potential Road Closure income	41	50	Additional income	Projections show that road closure income will exceed what was included at month 4.	Low	Exceed target due to increased income and further savings from vacancies
C&P5	Highways Dev & Flooding	Freeze vacant post until new financial year	54	54	Temporary hold on filling vacant post	Temporary hold on filling vacant post	Low	Exceed target - recruitment into vacant posts has been frozen but services have also undertaken a managed freeze on supplies & Services.
C&P6	Building Cleaning	Managed reduction in material spend	28	41	Reduction in supplies & Services	Re-assessment of stock levels allows for further budget recovery	Low	On Target - additional income has also helped bottom line.
C&P7	Schools Catering	Staff cost reduction	73	73	Temporary hold on filling vacant posts	Re-assessment of staffing requirement since month 4. The forecast indicates potential slow down in recruitment required in this financial year.	Medium	On Target
C&P8	Schools Catering	Windfall grant	56	56	Additional income	Windfall grant relating to WG Free School Meals and covid grant administration that has been provided. This was not known at M4.	Low	On Target
C&P10	Strategic Operations	Freeze vacant post until new financial year	25	49	Temporary hold on filling vacant post	Temporary hold on filling vacant post	Low	Will exceed original target due to other vacancy savings within service.

MonLife

Indicative saving target: (£000's) 88

Initial options 97 88

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method	Details	Risk Factor	Progress at Month 9
					<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
ML1	Finance & Business	Freeze Vacant Post - Business Support Team Leader	26	26	Freeze Vacant Post	Post is currently vacant, low risk but adds additional pressure to the business support unit.	Low	To be met in full
ML2	Finance & Business	Freeze Vacant Post - Project Officer	18	18	Freeze Vacant Post	Post is currently vacant, low risk as major projects in MONLIFE have reduced significantly.	Low	To be met in full
ML3	Leisure, Youth & Outdoor Adventure	Outdoor Adventure - Increase income through winter promotions	20	20	Additional Income	Requires school uptake during a period where there has been limited interest previously, the section will look to use promotions to make this period more attractive to schools.	Medium	To be met in full
ML4	Finance & Business	Project Management - Grants	24	24	Additional Income	Recharge core staff to grant projects	Low	To be met in full
ML5	Borough Theatre	Delay staff recruitment until new financial year	9		Temporary hold on filling vacant post	Hold off on filling new structure until we understand future resource requirements.	Low	Not being met - Changes to the employment contracts of the facilities officers in the market. We have needed to appoint an external security contract to open and close the building.

People & Governance

Indicative saving target: (£000's) 91

Initial options 11 11

Ref	Service	Proposal	Initial target	Month 9 Forecast	Recovery method	Details	Risk Factor	Progress at Month 9
			£000's	£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
PG1	Communications	Staff cost reduction	8	8	Staff cost reduction	Temporary saving that will be achieved between staff member leaving and filling of vacant post	Low	To be met in full
PG2	Communications	Staff cost reduction	2.5	2.5	Reduction in staff hours	A mutually agreed reduction in working hours for two staff	Low	To be met in full

Chief Executives Unit

Indicative saving target: (£000's) 63

Initial options 147 129

Ref	Service	Proposal	Initial target £000's	Month 9 Forecast £000's	Recovery method	Details	Risk Factor	Progress at Month 9
					<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
CE01	Department wide	Moving qualifying staff costs to Ukraine Funding	115	110	Moving qualifying staff costs to Ukraine Funding	Since M6 report we have identified further staff costs that can be pushed against the Ukraine grant	Low	Original estimate was slightly high
CE02	Department wide	Freeze filling of vacant posts	22	9	Not filling vacant post	Freeze filling of vacant posts until new year	Low	Original estimate was slightly high
CE03	Improvement Team	Decision taken to not purchase MadeOpen subscription	10	10	Reduction in supplies & Services	Curtail purchase of MadeOpen subscription.	Low	Achieved



Resources

Indicative saving target: (£000's) 148

Initial options 377 377

Ref	Service	Proposal	Initial target	Month 9 Forecast	Recovery method	Details	Risk Factor	Progress at Month 9
			£000's	£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>	<i>Progress against initial saving target</i>
RES1	Property Services	Reduction in corporate Building maintenance	270	270	Make use of spare capital budget to fund maintenance	No risk - using spare capital funding to cover qualifying maintenance repairs from revenue.	Low	To be met in full
RES2	ICT	Reduce equipment spend through to year end	35	35	reduction in supplies & services	Managed underspend on equipment - majority of laptop spend can be pushed to capital budget.	Low	To be met in full
RES3	Insurances	Reduction in professional fees and ICT costs	20	20	reduction in supplies & services	Fees for the actuarial review are lower than budgeted, alongside delaying some further ICT investment	Low	To be met in full
RES4	Investment income	Additional investment income	52	52	Additional income	Additional investment income in light of rising interest rate environment and where we may be able to look at alternative counterparties	Medium	To be met in full

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<b>SUBJECT:</b>	<b>ECO4 Flex – Proposed Implementation Route for Monmouthshire</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>1<sup>st</sup> March 2023</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## 1. PURPOSE:

- 1.1 The purpose of this report is to seek agreement to declare a statement of intent that enables the Council to participate in the Energy Company Obligation (ECO) scheme known as ECO4 and ECO4 Flex.

## 2. RECOMMENDATIONS:

- 2.1 To agree to the publication of a Statement of Intent that sets out the eligibility criteria for Monmouthshire residents to access ECO4 Flex
- 2.2 To develop an approved list of qualified and experienced companies able to deliver domestic energy efficiency measures throughout Monmouthshire
- 2.3 To delegate authority to the Chief Officer Communities & Place, in consultation with the Cabinet Member to enter into any agreements that enable the maximisation of ECO4/Flex benefits, that do not result in any residual liabilities for the Council.

## 3. KEY ISSUES:

- 3.1 Rising energy costs are impacting significantly on all household budgets and the Council is keen to support its residents to access energy efficiency schemes that will not only reduce their bills, but also help them to reduce their carbon footprint. The Energy Company Obligation (ECO) is a government energy efficiency scheme that is designed to tackle fuel poverty and reduce carbon emissions.
- 3.2 The ECO scheme is administered by Ofgem and places a Home Heating Cost Reduction Obligation (HHCRO) on medium and large energy suppliers to promote measures that supports low income, fuel poor and vulnerable households to heat their homes. The target for measures to be undertaken by each energy company is based on their share of the domestic gas and electricity market.
- 3.3 ECO4 is the latest iteration of the scheme which is in place between April 2022 and March 2026. The scheme is targeted at households on low income, properties with an Energy Performance Certificate (EPC) of D-G and off-gas properties. Following the implementation of measures, the EPC band must have increased to a C rating or above (if they were previously assessed as D or E) and D or above if they were previously in bands For G.
- 3.4 ECO4 Flexibility (Flex) enables a LA to refer owner occupiers or private rented tenants that are unlikely to be in receipt of benefits that it considers are living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. There are four routes, as illustrated in Table 1, to identify low income and vulnerable households and each route must be used independently of each other.

Route 1:	Household income and current EPC rating - EPC rating D, E, F and G with an income cap of £31,000 across the UK regardless of region, property size or number of occupants.( Private rented and social housing EPC rating is E-G.)
Route 2:	Households living in band E,F and G and that meet a combination of two of the following proxies:  Proxy 1 – Homes in Lower Super Output Area (LSOA) 1-3 on the Welsh Index of Multiple Deprivation 2019,  Proxy 2 - Householders receiving a Council Tax rebate (based on low income only, excludes single person rebates),  Proxy 3 - Householders vulnerable to living in a cold home as identified in the National Institute for Health and Care Excellence Guidance <sup>1</sup> (NICE),  Proxy 4 - A householder receiving free school meals for low income,  Proxy 5 – A householder supported by a LA scheme, that has been named and described by the LA in their Statement of Intent as supporting low income and vulnerable households for the purpose of the NICE guidance,  Proxy 6 – A householder referred to the LA for support by their energy supplier or Citizens Advice because they have been identified by the referrer as struggling to pay their gas and electricity bills,  Proxy 7 – Households identified through their supplier debt data. This enables obligated suppliers to use their own debt data to identify both non pre-payment and pre-payment meter households.
Route 3:	NHS/Health referrals – Those who could be severely impacted by the effects of living in a cold home that have respiratory, cardiovascular, limited mobility or immune suppressed conditions.
Route 4	Bespoke Targeting – This enables suppliers and LAs to target households where at least one household member is living in fuel poverty <sup>2</sup> and at least 75% are low income living in owner occupied homes and/ or 90% are low income households living in private rented homes.

*Table 1 – ECO4 Flex Referral Routes as published in the OFGEM ECO4 Guidance for Local Authority Administrations*

- 3.5 In order for households to access ECO4 Flex, the LA must state publicly through a Statement of Intent (Sol), the criteria it intends to adopt to identify households that meet the Flex eligibility criteria. The Sol confirms the LAs intention to participate in the Flex scheme and enables energy suppliers to engage with eligible residents.
- 3.6 The Capital City Region (CCR) have undertaken a separate procurement exercise to appoint two obligated energy suppliers to deliver ECO4 / Flex on behalf of the ten local authorities. Discussions have been on-going about the opportunity to enter into a non-binding Memorandum of Understanding (MOU) with the preferred energy supplier for the five Gwent authorities. The MOU however, proposes an exclusive arrangement, which officers consider

<sup>1</sup> Recommendation 2, but excludes the low income proxy

<sup>2</sup> As defines in Section 15(2) of the Energy Act 2010

limits the potential funding available to Monmouthshire residents. It is also considered that this option does not enable the Council to stimulate a local supply chain as the appointment of the installers is undertaken by the preferred energy supplier. It is therefore proposed that Monmouthshire publish the Sol as illustrated in Appendix 1, but continue to engage in discussions with the CCR and if appropriate enter into the MOU should a non-exclusive arrangement become available.

- 3.7 In order to deliver ECO4/Flex it is proposed that Monmouthshire County Council (MCC) develops its own framework of qualified contractors who are able to undertake energy efficiency measures within the County. The framework will provide householders with assurance that the companies on the approved list have PAS accreditation and have met quality assurance criteria, but it will not create any residual risk or obligations for the Council as any agreement for the implementation of measures will be between the householder and their chosen supplier.
- 3.8 The framework will be an active procurement exercise undertaken through Sell2Wales, which will enable suppliers to apply to join the framework throughout the duration of the scheme. The Council will also continue to explore other opportunities to join ECO4 / Flex partnerships which provide greater opportunities to attract energy suppliers and local suppliers into the area.
- 3.9 If the Council chooses to publish a Sol it will place an obligation on the Council to assess and approve applications from eligible households. If the Council is satisfied that an application meets the criteria it must provide a declaration to Ofgem confirming that the household qualifies for the proposed energy efficiency measures. This will result in a resource demand for Monmouthshire as each application will need to be individually assessed, however at this point we are unclear of the extent of the demand and the number of applications that will need to be considered. There is no funding available to support this work which will be led by the Decarbonisation Team.

#### **4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)**

- 4.1 Energy efficiency measures will be available to all qualifying households as set out in the Statement of Intent at the Appendix 1. Qualifying criteria mainly centres around lower household incomes, health vulnerabilities, and risk of fuel poverty. The scheme is designed to reduce inequalities in terms of living standards, health and wellbeing.
- 4.2 The Integrated Impact Assessment has been completed and no negative implications were identified (See Appendix 2)

#### **5. OPTIONS APPRAISAL:**

- 5.1 Option 1: The Recommended Option - To agree to create an approved list of energy efficiency installers and publish a Sol. This will enable vulnerable Monmouthshire residents experiencing fuel poverty to access ECO4 / Flex funding from any obligated energy supplier, maximising the potential funding opportunities available to the County. It will also support local households to access an approved framework of suppliers and in turn develop a local supply chain of approved PAS accredited installers.
- 5.2 Option 2 – Enter into the CCR MOU with their preferred energy supplier. This would result in MCC entering into an exclusive arrangement with the preferred energy supplier which will

limit the funding available to local residents and our ability to stimulate a local supply chain. This approach is not recommended.

- 5.3 Not to publish a SOI. This option prevents vulnerable Monmouthshire residents accessing funding under the Energy Company Obligation (ECO): and leaves them open to experiencing fuel poverty. It is therefore discounted.

## **6. EVALUATION CRITERIA:**

- 6.1 To evaluate the success of Monmouthshire's participation in the CCR scheme we will monitor the following data criteria:
- Level of demand
  - Identification of the type of property and measure(s) installed
  - The cost of the measure(s) installed.
  - The improvement in EPC rating
  - The likely CO<sub>2</sub>/yr kg saving

## **7. REASONS:**

- 7.1 ECO4 Flex will provide additional grant funding to help low-income households living in homes with poor energy efficiency to access energy efficiency improvement measures and help reduce CO<sub>2</sub> emissions.
- 7.2 We have discounted an exclusive approach with the CCR as the MOU does not provide any guaranteed investment within Monmouthshire, limits supply chain opportunities to the approved suppliers of the preferred energy supplier and reduces our ability to work with an energy advisory service and other third party providers.
- 7.3 There is a risk in not entering into the MOU as this places an additional burden on MCC resources to undertake a procurement exercise to implement and maintain an approved list of companies able to undertake domestic energy efficiency measures in Monmouthshire. The obligation to provide declarations for ECO4 Flex remains constant whichever delivery mechanism is adopted.

## **8. RESOURCE IMPLICATIONS:**

- 8.1. There will be a requirement for the LA to assess ECO4 Flex applicants against the stated criteria. This will involve verifying documentation and using datasets to determine eligibility and submitting declarations to Ofgem for eligible applicants. As the scheme is yet to launch the demand and resulting resource commitment is unknown and this will need to be reviewed following its implementation.

## **9. CONSULTEES:**

- 9.1 Cabinet  
Senior Leadership Team  
Housing Service  
CCR  
Legal Services

## **10. BACKGROUND PAPERS:**

11. **AUTHOR:** Frances O'Brien Chief Officer Communities & Place  
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## Appendix 1

Monmouthshire County Council EC04 Flexible Eligibility Statement of Intent

Local Authority Name: Monmouthshire County Council

Publication Date: XX/XX/XXXX

Version Number: 1.0

Publication on website: [Monmouthshire.gov.uk](http://Monmouthshire.gov.uk)

This statement sets out Monmouthshire County Council's flexible eligibility criteria for the Energy Company Obligation (ECO4) scheme from April 2022 – March 2026.

The ECO4 scheme will focus on supporting low income and vulnerable households. The scheme will improve the least energy efficient homes helping to meet the Government's fuel poverty and net zero commitments.

The flexible approach for Local Authorities (LAs) to identifying fuel poor and vulnerable households who may benefit from heating and energy saving measures is referred to as "ECO4 Flex".

The Council welcomes the introduction of the ECO4 Flex eligibility routes as it helps the Council achieve its plans to improve the homes of those in fuel poverty or vulnerable to the cold. The Council is publishing this Statement of Intent (Sol), on the XX/XX/XXXX to confirm that each of the households declared will adhere to at least one of the four available routes outlined below:

**Identifying Eligible Households**

**Route 1 (Low-Income):**

SAP bands D-G households with a gross annual income less than £31,000. This cap applies to the household irrespective the size of a property or its composition.

**Route 2 (Combined Proxy Eligibility):**

SAP bands E-G households that meet a combination of two of the following proxies (Table 1):

Proxy 1*)	Homes in Lower Super Output Area (LSOA) decile 1-3 on the Welsh Index of Multiple Deprivation 2019.
Proxy 2)	Householders receiving a Council Tax rebate (rebates based on low income only, excluding single person rebates).
Proxy 3*)	Householders vulnerable to the effects of living in a cold home as identified in the National Institute for Health and Care Excellence (NICE) Guidance. Only one from the list can be used, excludes the proxy 'low income'.
Proxy 4)	A householder receiving free school meals due to low-income.
Proxy 5)	A householder supported by a LA run scheme that has been named and described by the LA as supporting low income and vulnerable households for the purposes of the NICE Guideline.  Details of scheme:
Proxy 6)	A household referred to the LA for support by their energy supplier or Citizen's Advice because they have been identified as struggling to pay their electricity and gas bills.

(\*Note that proxies 1 and 3 cannot be used together\*)

**Route 3 (NHS Referral):**

SAP bands D-G households that have been identified by their doctor or GP as low income and vulnerable, with an occupant whose health conditions may be impacted further by living in a cold home. These health conditions may be cardiovascular, respiratory, immunosuppressed, or limited mobility related.

This is because the Council has identified a positive correlation between households who suffer from long-term health conditions and living off a low-income, with living in poorly insulated homes.

**Route 4 (Bespoke Targeting)**

SAP band D-G households that are referred under Route 4: Bespoke Targeting. Suppliers and LAs can submit an application to BEIS where they have identified a low income and vulnerable household, who are not already eligible under the exiting routes.

**Declaration and evidence check confirmation**

All potentially eligible households should apply through Monmouthshire County Council or one of their approved ECO installers to ensure that they can either benefit from the scheme or be assessed for eligibility under any other relevant programme.

The officer below will be responsible for checking and verifying declarations and associated evidence submitted on behalf of the local authority:

Name: XXXX XXXX

Job Title: XXXXXXXXXXXXXXXXXXXX



Telephone: XXXXX XXXXXX

Email: [XXXXXX@XXXXX.gov.uk](mailto:XXXXXX@XXXXX.gov.uk)

**CEO or dedicated responsible person mandatory signature**

Monmouthshire County Council will administer the scheme according to BEIS' ECO4 Order and will identify eligible households via Ofgem's application process. The CEO of the Council will oversee the process of identifying eligible households under ECO4 Flex. The eligibility information will be stored securely in line with the Council's data protection policy, Information Commissioner's Office Data Sharing Code, and BEIS guidance.

Signature: XXXXXX

Name: XXXX XXXX

Job Title: CEO/ dedicated responsible person

Date of signature: XX/XX/XXXX

For any general enquires relating to this Sol, please contact [XXXXXX@XXXXX.gov.uk](mailto:XXXXXX@XXXXX.gov.uk)



monmouthshire  
sir fynwy

## Integrated Impact Assessment document

(incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

<b>Name of the Officer</b> completing the evaluation Debra Hill-Howells  <b>Phone no:</b> 01633 644281 <b>E-mail:</b> debrahill-howells@monmouthshire.gov.uk	<b>Please give a brief description of the aims of the proposal</b>  Proposed delivery route for ECO4 Flex within Monmouthshire
<b>Name of Service area</b>  Communities & Place	<b>Date:</b> 13th February 2023

1. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	ECO4 Flex provides access to funding for Monmouthshire's residents who are on low incomes and living in properties with an EPC rating between D-G	No impact	The Council will promote ECO4 and ECO4 Flex through a campaign to increase awareness and maximise participation of eligible households
Disability	ECO4 Flex provides access to funding for Monmouthshire's residents who are on low incomes and living in properties with an EPC rating between D-G	No impact	The Council will promote ECO4 and ECO4 Flex through a campaign to increase awareness and maximise participation of eligible households

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	No impact	No impact	No impact
Marriage or civil partnership	No impact	No impact	No impact
Pregnancy or maternity	No impact	No impact	No impact
Race	No impact	No impact	No impact
Religion or Belief	No impact	No impact	No impact
Sex	No impact	No impact	No impact
Sexual Orientation	No impact	No impact	No impact

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## 2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to [have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions](#) This duty aligns with our commitment as an authority to Social Justice.

	<b>Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage</b>	<b>Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>Socio-economic Duty and Social Justice</b>	<p>ECO4 and ECO4 Flex is designed to support those households on the lowest incomes, including those not in receipt of benefits.</p> <p>The purpose of the scheme is to improve energy efficiency in the poorest performing properties (EPC rating D-G) and for off gas properties in rural areas.</p>	There are no negative impacts of the proposal.	The Council is proposing to develop an approved list of domestic energy efficiency installers and publish a Statement of Intent that will enable it to work with all obligated energy suppliers.

3. Policy making and the Welsh language.

<b>How does your proposal impact on the following aspects of the Council's Welsh Language Standards:</b>	<b>Describe the positive impacts of this proposal</b>	<b>Describe the negative impacts of this proposal</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts</b>
<b>Policy Making</b>  Effects on the use of the Welsh language,  Promoting Welsh language  Treating the Welsh language, no less favourably	All information will be available in the Welsh language	None	N/A
<b>Operational</b>  Recruitment & Training of workforce	There are no proposals for additional staff as the delivery of the scheme will be undertaken by Energy Companies and their preferred suppliers.  Declarations will be undertaken by existing staff who are able to access Welsh Language courses through the Council's Training Unit	None	N/A
<b>Service delivery</b>  Use of Welsh language in service delivery  Promoting use of the language	The promotion of ECO4 and ECO4 Flex will be bi-lingual. Applicants will be advised that they can access the Councils service through the medium of Welsh.	None	N/A




**4. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The Council will develop an approved framework of suppliers to maximise the opportunities for local PAS accredited installers to become approved contractors for the delivery of the ECO4 / ECO4 Flex schemes.</p> <p>The schemes are designed to improve the energy efficiency ratings of domestic properties through the implementation of measures including insulation and renewable technologies.</p>	<p>The proposed framework will enable suppliers to register to be included at any time to maximise opportunities for local suppliers to be involved.</p> <p>We will identify opportunities to offer independent energy efficiency advice for residents.</p>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The schemes will implement measures designed to improve the energy rating of domestic properties by a minimum of two bands, reduce fuel costs and reduce CO2 emissions.</p>	<p>As above</p>
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized, and health impacts are understood</p>	<p>The schemes will support the delivery of energy efficiency measures targeted at low income families to reduce the number of households living in fuel poverty and low energy efficient homes.</p> <p>In addition, the NHS is able to refer households where an individual is at risk of harm due to living in a cold house e.g., they suffer from respiratory illness or are immune suppressed.</p>	<p>As above</p>



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<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	ECO4 is targeted at those households that are off gas in rural locations. Measures are designed to improve energy efficiency and support low income households.	As above
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	N/A	N/A.
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	N/A
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	N/A	N/A

**5. How has your proposal embedded and prioritised the sustainable governance principles in its development?**

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>ECO4 and ECO4 Flex will improve the energy efficiency of residential properties for eligible households which results in positive impacts for current and future occupiers.</p> <p>The schemes will contribute to a reduction in the Counties collective carbon footprint.</p>	<p>The Council is exploring the potential for an energy advice service which will be able to provide wider support for local residents.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The Council will work with obligated energy suppliers and approved framework companies.</p>	<p>The Council is exploring opportunities to work with independent energy advice agencies to support local residents</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The Council has met with stakeholders from the energy industry and undertaken discussions with the CCR</p>	<p>N/A</p>



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p><b>Prevention</b> Putting resources into preventing problems occurring or getting worse</p>	<p>The schemes will deliver measures designed to improve the energy efficiency of poorly performing homes to reduce energy consumption and their carbon footprint.</p>	<p>N/A</p>
 <p><b>Integration</b> Considering impact on all wellbeing goals together and on other bodies</p>	<p>The proposal positively impacts on the well-being goals.</p>	<p>N/A</p>

**6. Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?**

	<b>Describe any positive impacts your proposal has</b>	<b>Describe any negative impacts your proposal has</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	The partners will enter into a data sharing agreement to safeguard personal data.	None.	Ensure that all parties sign up to and adhere to agreed data sharing protocols
Corporate Parenting	There are no Corporate Safeguarding implications	None.	None

**7. What evidence and data has informed the development of your proposal?**

A supply chain frame work will be implemented which will create an approved list of qualified and experienced companies to undertake energy efficiency measures in Monmouthshire.

Data will be used to support the implementation of the scheme which will include EPC ratings, household income, off gas and referrals from agencies including CAB and the Health Service. The Council will need to complete eligibility checks for each applicant and enter into a declaration with Ofgem.

The schemes are governed by the guidance issued by Ofgem.

**8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

*.This section should summarise the key issues arising from the evaluation. This summary must be included in the Committee report template*

The ECO4 and ECO4 Flex schemes are specifically targeted at low income households occupying properties with a poor energy efficiency rating or who are off gas. The scheme also enables referrals from partner agencies for those households where an individual is at risk of ill-

health due to the impact of living in a cold house. This will result in positive improvements for all households who are able to benefit from the scheme.

There are no negative impacts.

**9. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible
Cabinet Decision	1 <sup>st</sup> March	FOB, CF & DHH
Commence the procurement of an approved contractor framework	Post Cabinet decision	DHH
Publish a Sol	Post Cabinet decision	DHH
Promote the Scheme	Post Cabinet decision	Decarbonisation Team

**10. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision-making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.**

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	Pre-Cabinet consultation		
2			

3			
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