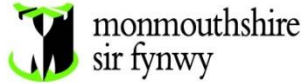


# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga  
NP15 1GA

County Hall  
Rhadyr  
Usk  
NP15 1GA

Tuesday, 27 February 2024

Dear Councillor

## CABINET

You are requested to attend a **Cabinet** meeting to be held at **Steve Greenslade Room, County Hall, Usk** on **Wednesday, 6th March, 2024**, at **5.00 pm**.

## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. 2024/25 MONMOUTHSHIRE FARM SCHOOL TRUST FUND AND WELSH CHURCH TRUST FUND INVESTMENT AND FUND STRATEGIES 1 - 46

Division/Wards Affected: All

Purpose: To present to Cabinet for approval the 2024/25 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee.

To approve the 2024/25 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

***Author: Dave Jarrett – Senior Accountant Business Support  
Nicola Wellington – Children & Young People Finance Manager***

Contact Details: [davejarrett@monmouthshire.gov.uk](mailto:davejarrett@monmouthshire.gov.uk)

4. USK, LOW-COST HOME OWNERSHIP FUTURE USE 47 - 54

Division/Wards Affected: Usk & Adjoining Wards

Purpose: To consider the repurchase of a Low-Cost Home Ownership (LCHO) property in Usk following receipt of the owner's intent to sell.

Author: Sally Meyrick, Strategy & Policy Officer, Affordable Housing

Contact Details: [sallymeyrick@monmouthshire.gov.uk](mailto:sallymeyrick@monmouthshire.gov.uk)

5. DEVELOPMENT OF A RESIDENTIAL CHILDREN'S HOME 55 - 102

Division/Wards Affected: Monmouth

Purpose: To provide details and seek approval for the acquisition and refurbishment of a property in Monmouth for the purpose of developing an in-house residential children's home, using existing borrowing headroom that is available to Children's Services. Approval is sought based on a Business Case that is attached as Appendix 1.

Author: Jane Rodgers, Chief Officer, Social Care, Safeguarding & Health

Contact Details: [janerodgers@monmouthshire.gov.uk](mailto:janerodgers@monmouthshire.gov.uk)

Yours sincerely,

**Paul Matthews**  
**Chief Executive**

### CABINET PORTFOLIOS

County Councillor	Area of Responsibility	Ward
Mary Ann Brocklesby	<p><b>Leader</b> Lead Officer – Paul Matthews, Matthew Gatehouse</p> <p>Whole Authority Strategy and Direction Whole authority performance review and evaluation Promoting localism within regional and national frameworks Relationships with Welsh Government, UK Government and local government associations Regional Relationships with City Regions and Public Service Board Strategic Procurement Local Food production and consumption, including agroforestry and local horticulture</p>	Llanelly
Paul Griffiths	<p><b>Cabinet Member for Planning and Economic Development Deputy Leader</b> Lead Officer – Frances O'Brien</p> <p>Economic Strategy Local development plan and strategic development plan including strategic housing sites Homelessness, affordable housing delivery and private sector housing (empty homes, leasing scheme, home improvement loans, disabled facilities grants and adaptive tech) Supporting Town Centres including car parking and enforcement Development Management and Building Control Skills and Employment Broadband connectivity Car parks and civil enforcement trading standards, environmental health, public protection, and licencing</p>	Chepstow Castle & Larkfield
Ben Callard	<p><b>Cabinet Member for Resources</b> Lead Officers – Peter Davies, Frances O'Brien, Jane Rodgers</p> <p>Finance including MTFP and annual budget cycle Benefits Digital and information technology Human resources, payroll, health and safety</p>	Llanfoist & Govilon

	<p>Land and buildings Property maintenance and management Emergency planning</p>	
Martyn Groucutt	<p><b>Cabinet Member for Education</b> Lead Officers – Will McLean, Ian Saunders</p> <p>Early Years Education All age statutory education Additional learning needs/inclusion Post 16 and adult education School standards and improvement Community learning Sustainable communities for learning Programme Youth service School transport</p>	Lansdown
Ian Chandler	<p><b>Cabinet Member for Social Care, Safeguarding and Accessible Health Services</b> Lead Officer – Jane Rodgers</p> <p>Children’s services Fostering &amp; adoption Youth Offending service Adult services Whole authority safeguarding (children and adults) Disabilities Mental health and wellbeing Relationships with health providers and access to health provision</p>	Llantilio Crossenny
Catrin Maby	<p><b>Cabinet Member for Climate Change and the Environment</b> Lead Officer – Frances O’Brien, Ian Saunders</p> <p>Decarbonisation Transport planning, public transport, highways and MCC fleet Active travel Waste management, street care, litter, public spaces, and parks Pavements and back lanes Flood alleviation, management and recovery Countryside, biodiversity, and river health</p>	Drybridge
Angela Sandles	<p><b>Cabinet Member for Equalities and Engagement</b> Lead Officers – Frances O’Brien,, Matthew Gatehouse, Jane Rodgers</p> <p>Community inequality and poverty (health, income, nutrition, disadvantage, discrimination, isolation and cost of living crisis) Citizen engagement and democracy promotion including working with voluntary organisations Citizen experience - community hubs, contact centre,</p>	Magor East with Undy

	<p>and customer service and registrars Leisure centres, play and sport Tourism Development and Cultural strategy Public conveniences Electoral Services and constitution review Communications, public relations and marketing Ethics and standards Welsh Language Rights of way</p>	
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# Aims and Values of Monmouthshire County Council

## Our purpose

To become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life.

## **Objectives we are working towards**

- Fair place to live where the effects of inequality and poverty have been reduced;
- Green place to live and work with reduced carbon emissions and making a positive contribution to addressing the climate and nature emergency;
- Thriving and ambitious place, where there are vibrant town centres and where businesses can grow and develop
- Safe place to live where people have a home where they feel secure in;
- Connected place where people feel part of a community and are valued;
- Learning place where everybody has the opportunity to reach their potential

## Our Values

**Openness.** We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

**Fairness.** We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

**Flexibility.** We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

**Teamwork.** We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will make the best of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

**Kindness:** We will show kindness to all those we work with putting the importance of relationships and the connections we have with one another at the heart of all interactions.



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**SUBJECT: 2024/25 MONMOUTHSHIRE FARM SCHOOL TRUST FUND AND WELSH CHURCH TRUST FUND INVESTMENT AND FUND STRATEGIES**

**MEETING: Cabinet**  
**DATE: 6th March 2024**

**DIVISION/WARDS AFFECTED: All Authority**

**1. PURPOSE:**

- 1.1 To present to Cabinet for approval the 2024/25 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee.
- To approve the 2024/25 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

**2. RECOMMENDATIONS:**

- 2.1 That the proposed Investment and Fund Strategy for 2024/25 for the Monmouthshire Farm School Endowment Trust Fund as set by the Trust be endorsed (**Appendix 1**).
- 2.2 To note that the Monmouthshire Farm School Trust Board determined the 2024/25 grant allocation for the year in July 2023. 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 2024, and any under spends carried forward from the 2023/24 grant allocation, to avoid eroding the overall fund.
- 2.3 That the proposed Investment and Fund Strategy for 2024/25 for the Welsh Church Fund be approved. (**Appendix 3**).
- 2.4 To delegate responsibility for the execution and administration of treasury management decisions to the Deputy CEO (Chief Officer for Resources & Section 151 officer) who will act in accordance with the Investment and Funds Strategy.
- 2.5 To approve the 2024/25 grant allocation to Local Authority beneficiaries to the Monmouthshire Welsh Church Act Fund of £210,000 which is to be distributed in accordance with population data in the draft Local Government Settlement 2024/25.

- 2.6 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.
- 2.7 To endorse the Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2024/25 (**Appendix 5**) as considered and approved by the Welsh Church Fund Committee in February 2024.

### 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.
- 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.

### Monmouthshire Farm School Endowment Trust Fund

- 3.4 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 2023.

- 3.5 In the financial year 2022/23, which is the most recent completed year end accounts, the Mon Farms Trust received income of £26,287 from its direct investments in funds and £1,077 from the Roger Edwards Educational Trust Fund. These total investment returns were more than the grants and fees allocated from the Trust. The trustees have agreed to make £25,000 available for grant distribution in 2024/25.
- 3.6 In the 2022/23 financial year, the income received from the pooled funds invested in by the Trustees directly was offset by an unrealised net capital loss of £82,846. 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.
- 3.7 **Appendix 1** outlines the Annual Investment and Fund Strategy 2024/25.

### **Risk Assessment of the Monmouthshire Farm School Endowment Trust**

- 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.
- 3.9 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 2**.

### **Welsh Church Fund**

- 3.10 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. 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 2023 and these investments remain a risk balanced investment portfolio in line with the investment priorities.

- 3.11 Pooled investment funds are suited to bodies such as the Welsh Church Fund who 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.
- 3.12 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.
- 3.13 For the financial year 2022/23, the WCF has received income of £212,453 from its external investment funds and through rental income. Therefore, the recommended distribution is £210,000 to ensure that the funds raised for charitable purposes in 2022/23 are distributed fully and thereby assist grant recipients in need of financial support without a further depletion in capital assets.
- 3.14 In the financial year 2022/23, the income received from the pooled funds was offset by an unrealised net capital loss of £472,972 (£349,688 gain in 2021/22) as a result of a continued volatility in the markets over the last few years. 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.
- 3.15 A revised Investment and Fund strategy for the Welsh Church Act Fund is contained in **Appendix 3**.
- 3.16 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.

### **Risk Assessment of the Welsh Church Fund**

- 3.17 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 funds available.

3.18 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 2024/25 financial year. The risk assessment is attached for information at **Appendix 4**.

### Grant Allocation of the Welsh Church Fund

3.19 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.

3.20 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.

3.21 The fund balance held by the trust was £5,201,291 as at the 31<sup>st</sup> March 2023 (£5,681,040 at 31<sup>st</sup> March 2022). It is recommended that the grant allocation should be increased to £210,000 in 2024/25 (£200,000 in 2023/24. Investment Funds have increased their distributions as interest rates have risen alongside asset portfolios. The forecast for 2023/24 income is estimated to be around £210,000, which is slightly less than the £212,453 received in 2022/23 as the economy slowly recovers, this has enabled us to increase grant distributions from 2022/23 prudently.

3.22 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	67,014	0.113	23,796.14
Caerphilly CBC	176,130	0.298	62,542.36
Monmouthshire CC	93,886	0.159	33,338.17
Newport CBC	161,506	0.273	57,349.49
Torfaen CBC	92,860	0.157	32,973.84
<b>TOTAL</b>	<b>591,396</b>	<b>100.0</b>	<b>£210,000</b>

\*The above figures do not include any brought forward unspent grant allocations

\*\*Source: 2024/25 Draft Local Government Settlement (AEF per Capita).

## 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 market volatility experienced in recent years has had a slight impact in regard to investment returns achieved.
- 5.2 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 2024/25 is seen to have a neutral impact on the sustainability of the fund going forward.

## 6. 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.
- To approve the 2024/25 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 6**.

## 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 2024/25  
Appendix 2 – Monmouthshire Farm School Endowment Trust – Risk Assessment Policy 2024/25  
Appendix 3 – Monmouthshire Welsh Church Fund – Investment and Fund Strategy 2024/25  
Appendix 4 – Monmouthshire Welsh Church Fund – Risk Assessment Policy 2024/25  
Appendix 5 -- Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2024/25  
Appendix 6 – Future Generations Evaluation Form

### **AUTHORS:**

Dave Jarrett – Senior Accountant Business Support  
Nicola Wellington – Children & Young People Finance Manager

### **12. CONTACT DETAILS:**

E-mail: [davejarrett@monmouthshire.gov.uk](mailto:davejarrett@monmouthshire.gov.uk)  
Telephone: 01633 644567

**The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2024/25**

**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 5.25% in December 2023 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the third quarter of 2024 to a low of 3% by early - mid 2026, 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 2023, the Monmouthshire Farm Endowment Trust had £560,755 of pooled investments and £62,819 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:

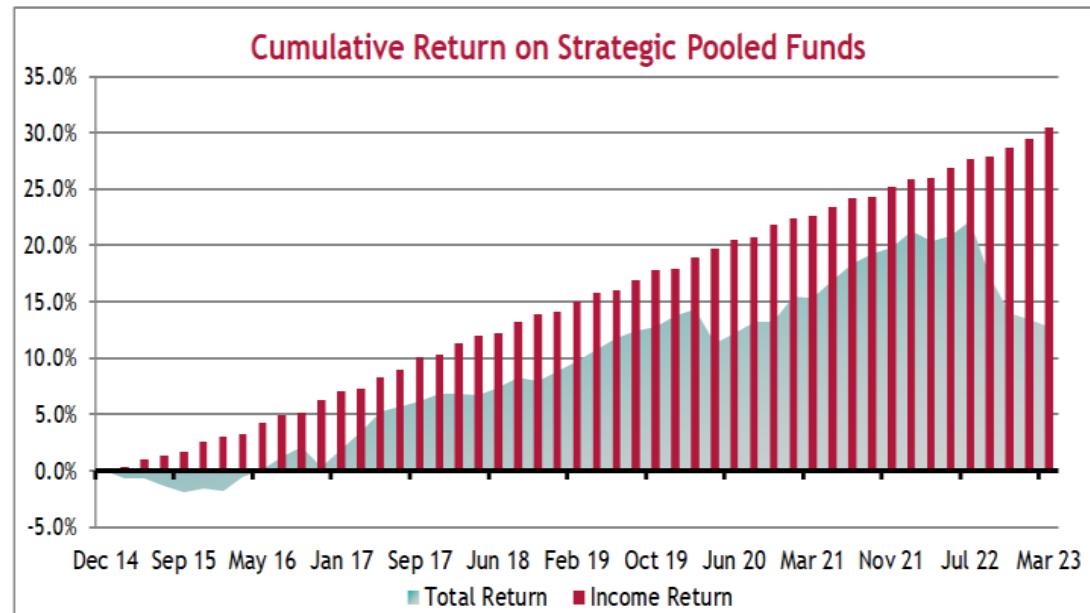
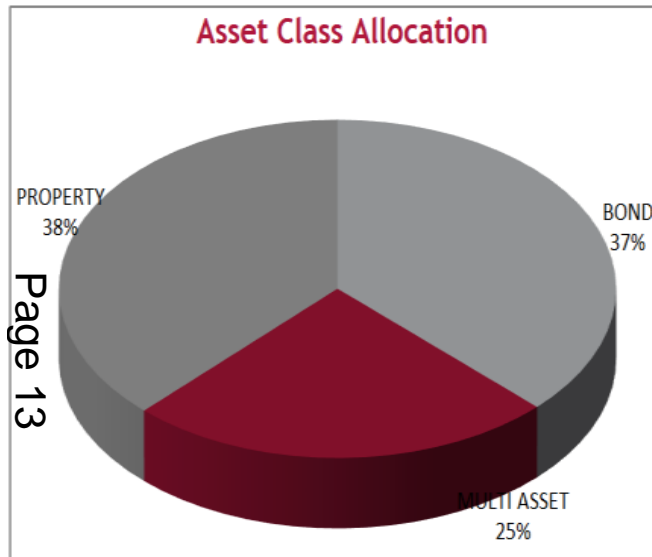
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council.
- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. 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 60 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. 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.

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	211,410	-17,590	87,159	7.3	-7.68%	38.06%	30.38%	5.3%	-1.09%	4.54%
M&G CHARIBOND FUND	BOND	190,470	208,660	-41,340	52,995	7.7	-16.54%	21.20%	4.66%	4.0%	-2.32%	2.53%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	139,127	-60,873	66,465	8.2	-30.44%	33.23%	2.80%	5.0%	-4.34%	3.57%
<b>GRAND TOTAL</b>			<b>559,197</b>	<b>-119,803</b>	<b>206,619</b>	<b>7.7</b>	<b>-17.64%</b>	<b>30.43%</b>	<b>12.79%</b>	<b>2.8%</b>	<b>-2.56%</b>	<b>3.50%</b>

Unrealised capital loss since purchase: -119,803 Annualised income return: 3.50%



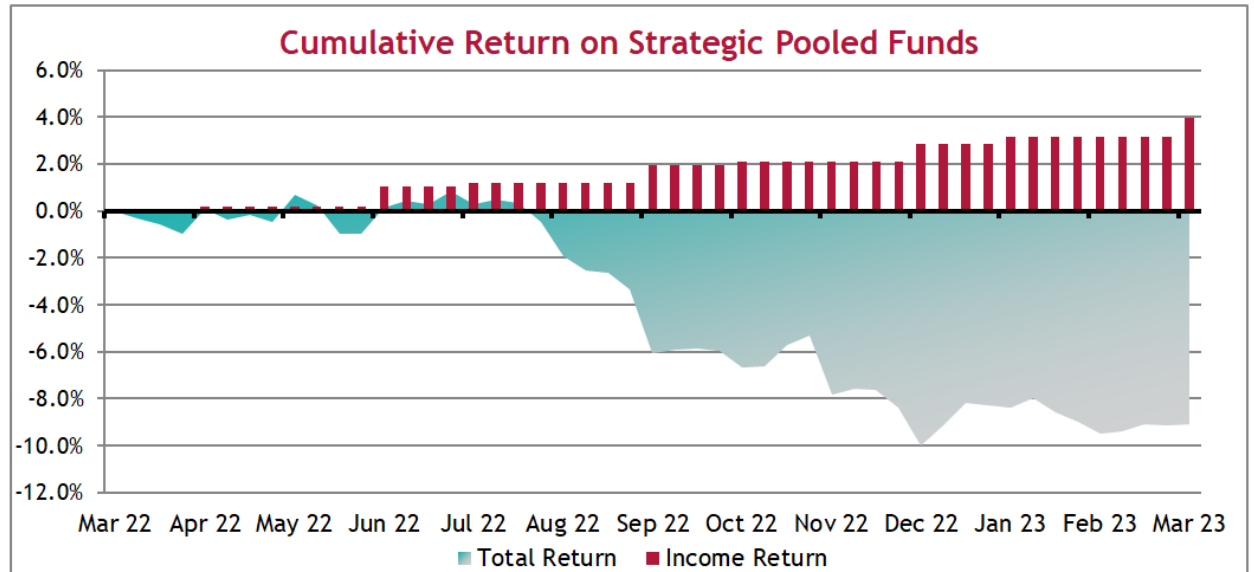
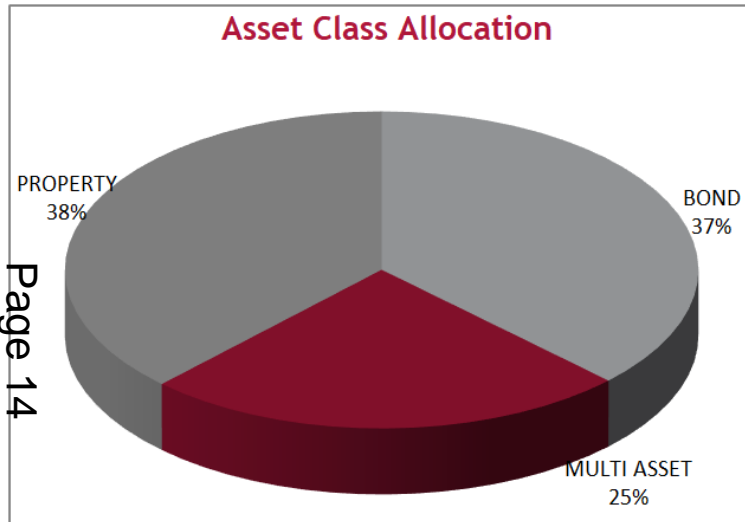
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Please note the data above reflects the performance of the funds since inception as the funds were purchased on 29<sup>th</sup> January 2015. The below charts the performance of the funds during the 2022/23 financial year.

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	211,410	-39,865	10,847	1.0	-15.86%	4.32%	-11.55%	10.4%
M&G CHARIBOND FUND	BOND	190,470	208,660	-16,152	5,047	1.0	-7.18%	2.25%	-4.94%	7.5%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	139,127	-27,659	9,409	1.0	-16.58%	5.64%	-10.94%	7.9%
<b>GRAND TOTAL</b>			<b>559,197</b>	<b>-83,676</b>	<b>25,304</b>	<b>1.0</b>	<b>-13.02%</b>	<b>3.94%</b>	<b>-9.08%</b>	<b>5.7%</b>

Unrealised capital loss since purchase: -119,803

Annualised income return: 3.94%



#### **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.

**Monmouthshire Farm Endowment Trust – Risk Assessment Policy 2024/25**

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:

- 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-inappropriately?**

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**

**(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.

## The Investment & Fund Strategy for the Welsh Church Act Fund 2024/25

### 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).

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### Interest Rate Forecast

- 2.1 The UK Bank Rate reached 5.25% in December 2023 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the third quarter of 2024 to a low of 3% by early - mid 2026, although the timing and extent of rate cuts remains highly uncertain.
- 2.2 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 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.
- 2.4 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.
- 3.4. At 31<sup>st</sup> March 2023, the Welsh Church Fund had £5.130m of Fixed Asset and Pooled Fund investments (market value) and £228,458 of cash.
- 3.5. 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	✓
Pooled funds with Monmouthshire County Council	✓

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.

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.

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.*

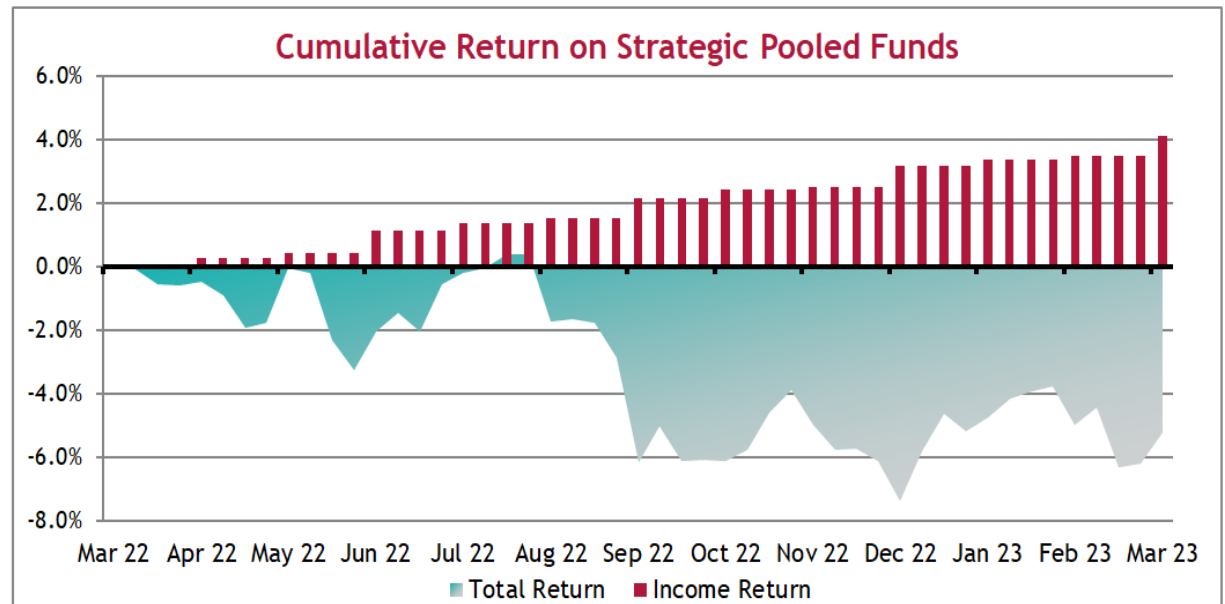
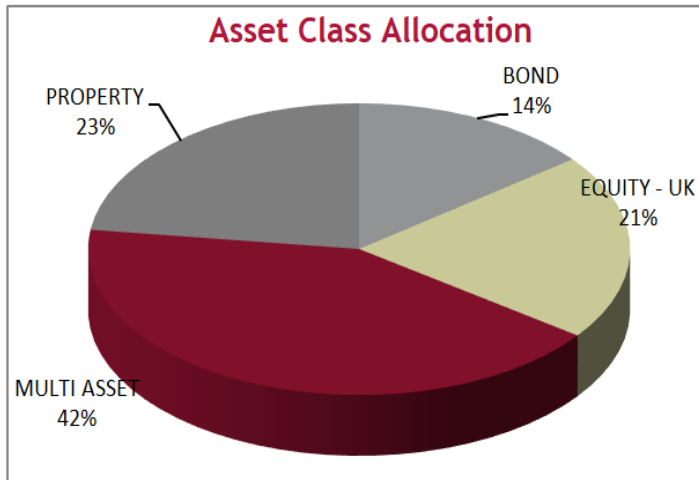
3.12. There are currently no ethical constraints on investment funds, this policy could be amended if there were changes to charity law or other requirements.

- 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 2024/25 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 2024/25 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 2023 are set out below. These investment funds will be reviewed in 2024/25 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 £191,949 for the 12 months until March 2023.



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	1,263,629	-49,212	36,787	1.0	-3.75%	2.80%	-0.95%	12.2%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	970,692	-183,039	49,806	1.0	-15.86%	4.32%	-11.55%	10.4%
M&G CHARIBOND FUND	BOND	558,982	612,365	-47,402	14,813	1.0	-7.18%	2.25%	-4.94%	7.5%
M&G CHARIFUND	EQUITY - UK	34,796	516,083	-33,592	29,055	1.0	-6.11%	5.29%	-0.83%	12.2%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	359,688	-20,260	26,441	1.0	-5.33%	6.96%	1.63%	14.6%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	518,239	-103,029	35,047	1.0	-16.58%	5.64%	-10.94%	7.9%
<b>GRAND TOTAL</b>			<b>4,240,696</b>	<b>-436,532</b>	<b>191,949</b>	<b>1.0</b>	<b>-9.33%</b>	<b>4.10%</b>	<b>-5.23%</b>	<b>7.3%</b>

Unrealised capital gain since purchase: 177,888      Annualised income return: 4.10%

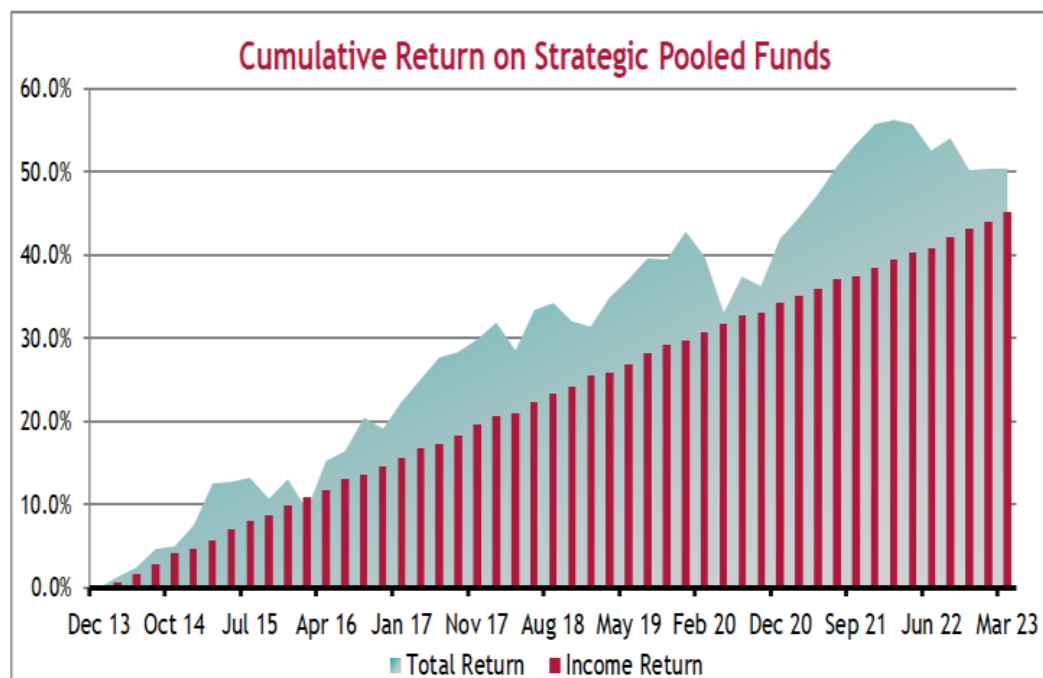
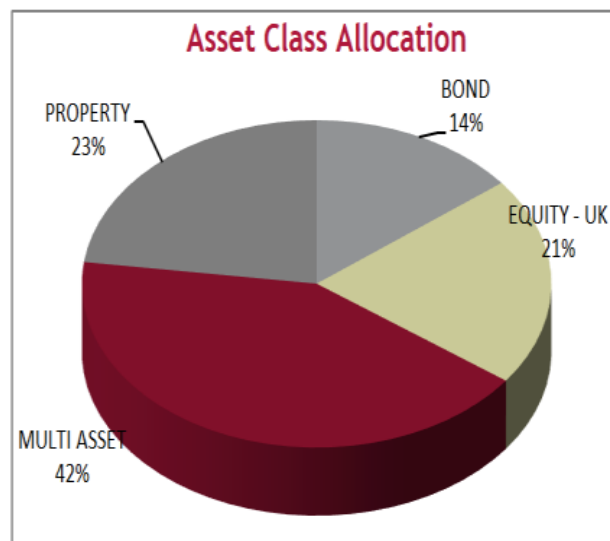


3.18. The values and performance of the investments from the date of investment is reported in the latest available Arlingclose report, are as follows:

STRATEGIC POOLED FUND PORTFOLIO				MONMOUTHSHIRE WELSH CHURCH FUND				From:	31/12/2013		To:	31/03/2023	
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	1,263,629	482,967	315,338	9.2	61.87%	40.39%	102.26%	8.7%	5.35%	3.74%	
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	970,692	135,634	504,201	9.2	16.24%	60.38%	76.62%	5.0%	1.64%	5.24%	
M&G CHARIBOND FUND	BOND	558,982	612,365	-72,947	206,320	9.2	-10.64%	30.11%	19.46%	3.6%	-1.21%	2.89%	
M&G CHARIFUND	EQUITY - UK	34,796	516,083	15,314	236,699	9.2	3.06%	47.27%	50.33%	10.6%	0.33%	4.28%	
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	359,688	-140,312	274,668	8.4	-28.06%	54.93%	26.87%	9.8%	-3.86%	5.37%	
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	518,239	-209,154	278,684	9.2	-28.75%	38.31%	9.56%	5.6%	-3.60%	3.57%	
<b>GRAND TOTAL</b>			<b>4,240,696</b>	<b>211,502</b>	<b>1,815,911</b>	<b>9.1</b>	<b>5.25%</b>	<b>45.07%</b>	<b>50.32%</b>	<b>4.9%</b>	<b>0.13%</b>	<b>4.13%</b>	

Unrealised capital gain since purchase: 177,888      Annualised income return: 4.13%

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## **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.

## Welsh Church Fund – Risk Assessment Policy 2024/25

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:

- 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.

**(d) 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 2024/25 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 2024/25 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.



## WELSH CHURCH FUND PRINCIPLES, POLICY CONSIDERATIONS AND GRANT ALLOCATION CRITERIA – 2024-25 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 Councillors 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 2024/25 that there is no maximum grant award as available funding allows, 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 may be applied, as they feel it would not be in the best interests of the Charity.



# Integrated Impact Assessment document

(incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

<p><b>Name of the Officer</b> D Jarrett</p> <p><b>Phone no: 4657</b></p> <p><b>E-mail: davejarrett@monmouthshire.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>To assess the 2024/25 Investment &amp; Risk Management Strategies of the Welsh Church Fund and Mon Farm Education Trust</p>
<p><b>Name of Service</b> Finance</p>	<p><b>Date Future Generations Evaluation</b> 6th March 2024</p>

Page 37 **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	

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?
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.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?

<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> Efficient use of resources, skilled,	Grants are awarded to help with infrastructure projects on cultural and community assets that	No negative impacts as grants given to assist in providing positive impacts on actions / schemes /



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?
educated people, generates wealth, provides jobs	help sustain jobs in the community for skilled tradesmen and stimulate educational well being	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 participation	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs

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>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</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>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The Trusts assist applicants in achieving their objectives by providing part or full funding for implementation of their project goals.</p>	<p>Not Applicable to the Trusts</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<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</p>	<p>The Trust report is distributed to interested parties for consultation and amendment before final confirmation at Cabinet</p>
 <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>

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>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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**7. What evidence and data has informed the development of your proposal?**

The Arlingclose Ltd Monmouthshire County Council Investment Strategy Review 2023.  
 The Arlingclose Ltd Monmouthshire Mon Farm Education Investment Strategy Review 2023.  
 The Draft Provisional Settlement from Welsh Government 2024/25.  
 The Welsh Church Act Fund Audited Accounts 2022-23 and  
 The Monmouthshire Farms School Endowment Trust Fund Accounts 2022-23.

**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 2024-25	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	06th March 2024	

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<b>SUBJECT:</b>	<b>USK, LOW-COST HOME OWNERSHIP FUTURE USE</b>
<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>6<sup>th</sup> MARCH 2024</b>
<b>DIVISION/WARDS</b>	
<b>AFFECTED:</b>	<b>USK &amp; ADJOINING WARDS</b>

## 1. PURPOSE

- 1.1 To consider the repurchase of a Low-Cost Home Ownership (LCHO) property in Usk following receipt of the owner's intent to sell.

## 2. RECOMMENDATIONS

- 2.1 To re-purchase the property using Low-Cost Home Ownership capital funds and Home Finder Loan funds and retain in the Council's ownership on a temporary basis to provide temporary accommodation for a homeless family.
- 2.2 To agree to a programme of improvement works.
- 2.3 To approve a draw on LCHO capital receipts reserve of £209,442.92 to create a capital budget for the re-purchase of the property and refurbishment works.

## 3. KEY ISSUES

- 3.1 In 1989/90 eleven properties were constructed in Usk under a 'Build for Sale' scheme. This scheme had its own individual Welsh Office consent dated 7<sup>th</sup> March 1990 and was known as the 'Monmouthshire Model'. The scheme is a low-cost home ownership scheme, and the houses are arranged in three terraces consisting of one terrace of three dwellings and two terraces of four dwellings. The Council provides an equity loan (usually 30% but can be up to 50% if funding is available) of the purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is paid on the loan, but when the loan is repaid the amount repayable will be the same agreed percentage of the value of the property at the time.

The Secretary of State for Wales agreed that the houses were to be sold to person's resident within the community of Usk and the immediate adjoining communities of Llanbadoc, Gwehelog Fawr and Llantrissant Fawr.

- 3.2 The LCHO Scheme Usk Policy & Procedure, May 2013 (**Appendix One**), indicates that a Cabinet decision was taken to enable the Council to repurchase the property. There is a pre-emption on the property that requires the seller to inform the Council of their intent to sell. The Council has two months to inform the vendor of their intent to purchase the property otherwise the property can be sold on the open market. The preference is for these properties to remain as low-cost home ownership and be sold onto a suitable household in housing need, however if a suitable applicant cannot be identified the Council can opt to re-purchase and retain. A precedent for this action was already set when the Council re-purchased a property at the same scheme in 2017 and another property in 2023.
- 3.3 The property is a two-bedroom mid-terraced house located in Usk. The property is in good condition, minor improvement works are required including redecoration throughout; flooring; garden fencing and external redecoration. Improvements to the energy efficiency of the property include a new boiler, loft insulation and PV panels with battery storage. The option to install an air source heat pump has also been costed, however this is not recommended due to the substantial installation cost. An indicative schedule of works has been provided in **Appendix Two**, the works are estimated at £27,650.

- 3.4 The owners of the property gave notice of their intent to sell the property on 8<sup>th</sup> December 2023, which they own on a 70/30 basis. The property has been valued at £240,000 by the Council's Estates department, meaning that the owners' 70% equity share is worth £168,000. The property has been marketed on Monmouthshire Homesearch, 12 applicants expressed an interest in the property, however, none were able to pass the financial assessment or meet the rural local connection criteria.
- 3.5 It is recommended that the Council re-purchases the property to provide temporary accommodation for a small family. Levels of homelessness continue to be a major concern for the Council, the use of bed and breakfast accommodation is extensive at present with gross expenditure of approximately £1.865m forecast for 23/24. As of December 2023, there were 185 households in temporary accommodation, including 49 households in bed and breakfast accommodation. The Council is seeing an increase in the number of families at risk of homelessness, there is a lack of suitable, self-contained accommodation for families within the Council's provision of temporary accommodation. A Cabinet decision was taken and ratified by Council on 3<sup>rd</sup> March 2022 to establish £2m borrowing headroom to enable specific property acquisition and remodelling to alleviate homelessness.
- 3.6 The LCHO and Home Finder Loan were historic schemes that provided an equity share loan to support households to access home ownership. A charge was placed on the properties meaning the loan must be repaid when the property is sold. There are £209,442.92 available within these budgets, however this includes estimated works costs for the recently purchased property.

#### 4. **EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

- 4.1 The following is an overview of the evaluation, a more detailed breakdown can be found at **Appendix Three:** There are no negative impacts associated with the proposal, in fact there are significant positive impacts especially around health and wellbeing goals by contributing to a "healthier Wales" and a "more equal Wales". The proposal meets the sustainability goal by its contribution to the following principles "Balancing short term need with long term and planning for the future".

#### 5. **OPTIONS APPRAISAL**

- 5.1 The following options are available:

Option	Benefit	Risk	Comment
<b>Option 1:</b> The recommended option is to agree to re-purchase the property to provide temporary accommodation to a homeless household.	<p>The property will provide an affordable unit of accommodation.</p> <p>There will be a rental income for the Council.</p> <p>The Council will retain control of the future use of this property. The property can be re-sold on as LCHO in the future when the demand arises.</p>	<p>There will be an impact on staff resources required to manage the accommodation including dealing with repairs and maintenance and any anti-social behaviour.</p> <p>This does not meet the principles of the scheme; however, this use would be on a temporary basis.</p> <p>The Council would be liable for the cost of the re-purchase of the</p>	<p>There is a high demand for affordable accommodation throughout Monmouthshire, this allows a unit of affordable accommodation to remain within the Council's control.</p> <p>This use would be on a temporary basis, for a period of approximately 5-10 years.</p>



Option	Benefit	Risk	Comment
	The schedule of works includes measures to improve the energy efficiency of the property.	property including purchase costs e.g. Land Transaction Tax, Land Registry etc. These can be funded through the LCHO capital and Home Finder Loans budget (currently £209,442.92 available, however this may reduce if works required at the recently purchased property come in higher than projected).	
<b>Option 3:</b> To allow the owner to sell on the open market	There is no financial or resource risk to the council.  The Council would be repaid the full value of the 30% equity loan.	The Council would lose the control of this property and would have no influence over future sales of the property.	This does not meet the policy & procedure.

## 6. REASONS

- 6.1 The Council is required to comply with the Policy and Procedure updated May 2013 (see **Appendix One**).
- 6.2 Increasing sustainable accommodation options are actions of the Council's Rapid Rehousing Transition Plan.

## 7. RESOURCE IMPLICATIONS

- 7.1 A capital budget will need to be created for the re-purchase of the property and refurbishment works, through a draw on LCHO capital receipts. Any shortfall in funding can be met through the existing £2m borrowing headroom budget previously approved and ratified by Council on 3rd March 2022.
- 7.2 Cost modelling has been provided in **Appendix Four**, this predicts an annual surplus to the Council based on the use as temporary accommodation of approximately £3,889 per year.
- 7.3 The Housing Options Team would be required to manage the property.

8. **CONSULTEES:** Housing & Communities Manager, Finance Manager, Legal Assistant, Head of Landlord and Commercial Services, Head of Finance, Communities and Place DMT.

9. **BACKGROUND PAPERS:** LCHO Scheme Usk Policy and Procedure, May 2013

9. **AUTHOR:** Sally Meyrick, Strategy & Policy Officer, Affordable Housing

10. **CONTACT DETAILS:** Tel: 07970 957039 **E-mail:** sallymeyrick@monmouthshire.gov.uk

## Appendix One – Policy and Procedure



LCHO Scheme Usk  
Policy and Procedure.

## Appendix Two – Indicative Refurbishment Specification and Costs

### Usk - Provisional Improvement Costs

	Qty		Rate	Cost
<b>Hallway &amp; landing</b>				
Internal fire door (30 mins) to boiler cupboard	1	no.	221.82	£250.00
Redecorate / paint	1	item	500	£500.00
<b>TOTAL</b>				<b>£750.00</b>
<b>Lounge (4.04m x 3.98m)</b>				
Redecorate / paint inc skirting board	1	no.	500	£200.00
Staircase carpet	15	sqm	35	£600.00
<b>TOTAL</b>				<b>£800.00</b>
<b>Kitchen 3.36m x 2.84m</b>				
Internal fire door (30mins)	1	no.	221.82	£250.00
Redecorate / paint	1	no.	188.69	£200.00
Repair worktops/units	1	item	2000	£2,000.00
<b>TOTAL</b>				<b>£2,450.00</b>
<b>Storage Cupboard (2.80m x 0.98m)</b>				
Paint walls & door	1	no.	300	£300.00
<b>TOTAL</b>				<b>£300.00</b>
<b>Garden</b>				
Front fencing	10	sqm	50	£1,000.00
<b>TOTAL</b>				<b>£1,000.00</b>
<b>Bedroom 1 (4.04m x 4m max)</b>				
Carpet	12	sqm	35	£500.00
Redecorate inc door, wardrobe doors & skirting board	1	item	500	£500.00
<b>TOTAL</b>				<b>£1,000.00</b>
<b>Bedroom 2 (3.36m x 2.07m)</b>				
Carpet	7	sqm	35	£400.00
Redecorate inc door & skirting board	1	item	400	£400.00
<b>TOTAL</b>				<b>£800.00</b>
<b>Bathroom (2.34m X 1.79m)</b>				
Clean/re-grout tiles	4	sqm	0	£150.00
Replace shower if required	1	no.	500	£500.00
Redecorate (inc door) & replace toilet seat	1	item	500	£500.00
<b>TOTAL</b>				<b>£1,150.00</b>

<b>Cloak room</b>	<b>Qty</b>	<b>Rate</b>	<b>Cost</b>
Redecorate, resealing (inc door) & replace toilet seat	1 item	500	£500.00
<b>TOTAL</b>			<b>£500.00</b>
<b>Other</b>	<b>Qty</b>	<b>Rate</b>	<b>Cost</b>
Install PV panels (3-3.5kw system with battery storage)	1 item	8000	£8,000.00
Roof insulation (35 sqm)	1 item	1500	£2,000.00
Fixed wire test	1 item	1000	£1,100.00
Drain CCTV survey (Drainrod)	1 item	310	£500.00
Drains cleaned (Drainrod)	1 item	192	£300.00
Replace boiler	1 item	3000	£3,000.00
Repaint external render	1 item	2500	£2,500.00
Damp treatment	1 item	500	£500.00
<b>TOTAL</b>			<b>£17,900.00</b>
<b>GRAND TOTAL</b>			<b>£27,650.00</b>
Install heat pump system	1 item	25000	£25,000.00
<del>Replace boiler</del>	1 item	3000	-£3,000.00
<b>GRAND TOTAL inc. air source heat pump</b>			<b>£49,650.00</b>

## Appendix Three – Integrated Impact Assessment



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Usk.docx

## Appendix Four – Cost Modelling Usk

Initial Cost	
Purchase Price:	£168,000.00
Purchase costs (surveys, land registry)	£1,150.00
Land transaction tax	£11,700.00
Initial refurb works	£27,650.00
LCHO budget	-£209,442.92
Net cost:	-£942.92

Annual Cost	
Mortgage/Borrowing Costs	N/A
Management & maintenance	£3,000.00
Void Loss Rent	£418.86
Arrears	£418.86
Utilities, CT and Legal	£400.00
Safety - Gas, Electric, EPC	£250.00
Safety - Fire testing	N/A
Furniture	N/A
Total	£4,487.72
Rental Income	-£8,377.20
Service Charge Income	N/A
Client Recharge	N/A
Total	-£8,377.20
<b>Grand Total</b>	<b>-£3,889.48</b>

<b>SUBJECT:</b>	<b>Development of a Residential Children's Home</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>6<sup>th</sup> March</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>Monmouth</b>

## **NON-PUBLICATION**

Appendix 2 to this report is exempt by virtue of the Local Government Act 1972, Schedule 12A, Part 4, paragraphs 12 and 21 in that it is information relating to a particular individual and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **1. PURPOSE:**

To provide details and seek approval for the acquisition and refurbishment of a property in Monmouth for the purpose of developing an in-house residential children's home, using existing borrowing headroom that is available to Children's Services. Approval is sought based on a Business Case that is attached as Appendix 1.

### **2. RECOMMENDATIONS:**

**2.1** To acquire and refurbish the relevant property through drawing down up to £1,175,500 from the £1,865,000 existing borrowing headroom established at a Full Council meeting of 27th January 2022 under a 25-year term, for the purpose of developing an in-house a residential children's home.

**2.2** For officers to continue to work in partnership with Welsh Government, the Aneurin Bevan Health Board, and the Regional Partnership Board to secure funding that would look to mitigate or avoid the need for the borrowing headroom to be drawn upon.

**2.3** Should the business cases be approved, that the outcomes are reported into the next available meeting of the People Scrutiny Committee.

**2.4** That Cabinet agrees that the decision is urgent and that any delay likely to be caused by the call-in process would seriously prejudice the Council's or other public interests, and therefore it is not subject to call-in in accordance with paragraph 31.15.1 of the Council's constitution.

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

**3.1** Children's Services has identified a property in Monmouth which is suitable to be developed into a registered residential children's home for up to 4 children.

**3.2** In order to meet the needs of children who are looked after and the regulatory standards required for registration under RISCA regulations, the property will require refurbishment.

**3.3** The residential service developed will be designed to create a homely environment for up to 4 well-matched children. The placement will allow for children to be placed closer to their homes and families and given its proximity to Monmouth town centre children placed there will have good access to community-based resources and local amenities.

**3.4** Alongside the development of the property, the intention is to develop an in-house residential service whereby the Council would register the provision with Care Inspectorate Wales (CIW) and become the regulated provider. A residential workforce, management structure and RI (Responsible Individual) function would be put in place to ensure that quality standards are maintained and that children are provided with the personalised care and support they require.

**3.5** This business case is set out within the context of the decisions made at full Council on 27th January 2022 which allowed for £2m borrowing head room to enable specific property acquisition and remodelling to take place where the Council is unable to identify suitable supply in the provider market for children and young people with very complex needs.

**3.6** The Local Authority has a legal duty to provide sufficient and appropriate placements for children who are looked after. However, at present, the Local Authority has insufficient suitable placements and is over-reliant on independent fostering agencies and spot-purchased residential placements from profit making organisations.

**3.7** The current over reliance on the external market in the context of high demand and competition for placements is creating numerous pressure and risks for the Council including:

- Financial pressure because of the cost of spot-purchased placements
- Children being placed away from their home, communities and support networks
- Variable quality in terms of achieving good outcomes for children
- Risks of not being able to find a placement for a child
- Workforce pressure.

**3.8** The current ambition, as set out in the report presented to the People Scrutiny Committee on 6th February 2024, is to significantly increase the number of all in-house placement types both fostering and residential over the next 1 – 3 years. This will ensure that Monmouthshire's Looked After Children's needs are consistently met with increased opportunity to be placed closer to their homes and communities; and will enable increased stability and certainty in our wider care planning for children.

**3.9** As at the end of December 2023 there were 204 children looked after by Monmouthshire County Council, of which 49 were placed with independent fostering agency carers and 20 were placed in residential placements. Our commissioning data and analysis confirms that to ensure sufficiency of appropriate placements for children we must significantly increase the number of all placement types. Specifically, the service has identified that at least 12 further standard residential children's homes placements are needed based on current placements, 4 of which would be achieved through the proposed acquisition and refurbishment of the property in Monmouth.

**3.10** The key objectives for this business case are:

- To provide a homely children's residential setting that is designed to meet the needs of children who are looked after by Monmouthshire County Council.
- To improve services for children who are looked after through ensuring that more children can be placed close to their homes and communities in a way that meets their personal outcomes and care planning needs.
- To allow the Council to meet legal and regulatory requirements under SSWBA and RISCA regulations.



- To secure better value for money and the potential to reduce revenue costs associated with the current arrangements.
- To allow the Council increased autonomy in care planning and matching decisions for all children who are looked after.
- To improve welfare considerations and efficiencies for the children’s services workforce due to reduced travel time.
- By bringing the residential service fully in-house to increase opportunities for integrated working to ensure good outcomes for children who are looked after.

**3.11** Acquisition of the property is through the open market from a private buyer. It is not anticipated that there will be a requirement for a Change of Use (COU), so long as there are no more than six people residing at the property at any given time. There are some property related risks identified within the business case, resulting in a number of necessary conditions being attached to the offer including:

- Legal due diligence (satisfactory searches etc)
- Independent external valuation
- Subject to contract
- Subject to Cabinet consent
- Satisfactory EPC
- Subject to condition survey.

**3.12** Implementation risks and wider risks to the Local Authority in running a residential children’s home are set out in the tables below.

Service (Implementation) Related Risks

<b>Risk</b>	<b>Mitigation</b>
<p>Regulatory process – delays in the refurbishment or difficulties in achieving registration.</p> <p>This would mean some uncertainty in the care planning for specific children and the potential to extend the time when we would be ‘double-running’ [i.e. covering start-up costs and the costs of children’s current placements prior to a move].</p>	<p>The refurbishment will be expedited and prioritised by the council working with known contractors.</p> <p>Children’s Services is seeking to employ a Service Manager to oversee the project and work closely with CIW to achieve registration as expediently as possible.</p> <p>The service has some knowledge and experience in meeting regulatory requirements associated with residential placements.</p>
<p>Regulatory process – delays / inability to recruit a suitable service manager to develop the provision and act as Responsible Officer</p>	<p>A full recruitment campaign will be run with promotional activity.</p> <p>The service currently has a [relatively] stable workforce and a good reputation as an employer within social care. The post will be advertised on a permanent basis and the salary is competitive.</p>

	The contingency plan would be to absorb the work into current leadership structure until the post can be recruited to.
Regulatory process – delays / inability to recruit a residential care workforce	<p>A full recruitment campaign will be run with promotional activity.</p> <p>The service currently has a [relatively] stable workforce and a good reputation as an employer within social care.</p> <p>Posts would be advertised on a permanent basis.</p> <p>The LA salary for residential care workers is competitive comparatively to for-profit employers.</p>
Delays / inability to identify and match suitable children who need the placement	<p>The service has an in-depth knowledge of individual children and how they might match.</p> <p>Work is currently taking place to consider the whole cohort of children who are looked after to consider potential candidates.</p> <p>MCC will work with the region to offer up a potential placement to achieve a good match / avoid voids.</p>
Refurbishment costs exceed what is currently provided for	There is a contingency for unexpected works in the costs.

### Wider Service-Related Risks

<b>Risk</b>	<b>Mitigation</b>
The property is not required as a placement in the future	The property could be re-purposed or sold.
<p>Risks associated with service delivery of a residential children's home placement including failure to meet regulatory requirements; poor inspection outcomes; children not safeguarded.</p> <p>This could represent reputational risk for the Council.</p>	<p>The service is seeking to employ a service manager to act as Responsible Individual</p> <p>There is some experience and knowledge about working with CIW in a direct setting within the council and within the region.</p>
Costs of providing the service outstrips what is allocated because of voids or agency staffing costs	<p>A 25% void rate has been built into the illustrative business plan. A 25% void rate retains a very small saving.</p> <p>There is a small contingency built into the running costs.</p>

	There is opportunity to 'sell' placements to other Local Authorities
Inability to sustain an in-house residential provision	<p>The care and support element would be tendered to a not-for-profit organisation [at a future point the not-for-profit market may be sufficiently developed to allow for this].</p> <p>The council would look to exercise its right to dispose of the property [albeit that this would lead to grant payments needing to be returned].</p>

#### 4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

**4.1** The business case seeks to increase the sufficiency of appropriate placements closer to home for children who are looked after and supports the repatriation of Monmouthshire children back into the county. For children and young people this enables better access to local education, play and youth services will support their social and emotional development and increase their social networks and economic mobility.

**4.2** The money currently being spent on private care companies out of county will be redirected to a local in-house residential children's home, which will provide new jobs and training / career opportunities for the social care workforce.

**4.3** Planning is required in order to ensure the Welsh language is encouraged within the home and community engagement will need to be at the forefront of the development moving forward.

#### 5. OPTIONS APPRAISAL

**5.1** A full options appraisal is set out in the business case. In summary the council could chose to **do nothing** and refrain from moving ahead with establishing in-house children's residential homes. This would avoid any of the implementation or wider risks identified at 3.12. This option is not recommended in that i) it would leave the council entirely dependent on the external market to provide residential placements and ii) that the council would lose the potential to generate any savings against the current approximate spend of £1,166,000.

**5.2** Two **minimal options** are identified the first being to withdraw from the current property and wait for an alternative property to become available that costs less or requires less refurbishment. This would avoid any property risks specific to this purchase but is discounted on the basis that i) further delay would compromise the Council's ability to secure a capital grant for the acquisition and refurbishment and because ii) suitable properties for development do not come onto the market frequently.

**5.3** The second minimal is to proceed with the current acquisition and development and to seek a not-for-profit organisation to partner with the Local Authority and become the registered provider. This option is discounted because i) it is felt that currently the not-for-profit provider market for children's residential care is not sufficiently developed to generate a competitive response to a tender, and ii) that this would prove to be a more costly option.

5.4 The option as set out within the business case, for the Council to acquire and develop the property and to become the registered care provider, is the preferred option.

## 6. EVALUATION CRITERIA

Success criteria for the business case have been identified as follows:

- Property acquired and refurbished
- Capital grant received to reduce the amount of borrowing strain on the Council
- Management structure and workforce established
- Provision successfully registered with Care Inspectorate Wales (CIW)
- The first cohort of children successfully matched and in-situ
- Children achieve good outcomes through their placement in the residential children's home.

## 7. REASONS:

7.1 In summary business case represents an important step in the Council's ambition to respond to the current external context and challenges associated with the provision of children's social care and to reduce the Council's dependency on an uncertain provider market.

7.2 The proposed acquisition and development of the property will meet the wellbeing and safeguarding needs of children and young people and provide an affordable means by which the Council can deliver against children's care set against the costs of securing provision through the provider market.

7.3 The business case supports the Council to fulfil its statutory duty to provide sufficient and suitable placements for children who are looked after and is in keeping with national and local policy direction.

## 8. RESOURCE IMPLICATIONS:

### Capital Costs

**Specific details of costs are included at appendix 2 which is exempt from publication.**

8.1 The capital cost of acquisition and refurbishment will be met either through a combination of borrowing and Welsh Government Grant (Housing with Care Fund) or wholly through grant money.

8.2 The Local Authority has applied to the Housing with Care Fund (HCF) for £1,175,500 spread over two years – up to £875,500 (2023/24 for the acquisition) and up to £300,000 (2024/25 for the refurbishment). The HCF will provide for the cost of the acquisition (up to an independent market valuation), together with land transaction fees and associated costs only if we are able to complete the purchase before year end.

8.3 Authorisation for draw down against the £875,500 was approved at the Welsh Government panel on 22nd March 2024 pending Ministerial approval. The second part of the grant application - £300,000 for the refurbishment costs in year 2024/25 – will need to go through a second stage technical approval process next year.

8.4 The outcome of the independent market valuation was that the property was valued at £35,000 less than the offer that has been accepted. We now have an opportunity to challenge this valuation; however, it potentially creates a £50,000 shortfall in our ability to draw down against the HFC. It is proposed that this shortfall will be covered by borrowing against existing headroom.

**8.5** Given the uncertainties in respect of the final market valuation and given that the £300,000 must go through a second approval stage, capital modelling has been based on 4 scenarios. These illustrate that at best, the council will have no borrowing strain, and that at worst, the council will incur borrowing strain of £350,000.

**8.6 Scenario 3** is the most likely option on the basis that:

- It is unlikely the independent market valuation is going to improve.
- It is likely that HCF ministerial approval for draw down against £875,500 in 2023/24 is achieved because the application has been approved by the Welsh Government panel and aligns entirely with current Welsh Government policy direction and with HCF criteria.
- It is likely that if there is HCF approval for the acquisition then approval for refurbishment costs will follow (the application is submitted as a whole scheme over two years).

### Revenue

**8.7** For the purposes of business modelling, we used the average annual current cost of a representative group of children which gave us £1,166,000 as a comparator revenue budget.

**8.8** The revenue cost of running a residential children’s home is calculated at £849,690 (based on other similar Local Authority schemes). Taking into account the varying cost impact of the 4 potential borrowing scenarios as above, we have modelled the revenue costs against an 100% occupancy rate (illustration 1) and a 75% occupancy rate (illustration 2).

**8.9** 75% occupancy is a cautious approach which we have adopted given the importance of matching children and allowing appropriate time for transitions particularly during the early period of the residential home. Other models use an 80 – 85% occupancy rate.

**8.10** These tables are illustrative because the identified savings / or the impact on savings arising from a void cannot be easily identified due to the variability of existing package of care. Equally, there may be situations where placements result in cost avoidance.

### **ILLUSTRATION 1 – 100% occupancy**

<b>ANNUAL REVENUE COSTS</b>	<b>Based on SCENARIO 1 £</b>	<b>Based on SCENARIO 2 £</b>	<b>Based on SCENARIO 3 £</b>	<b>Based on SCENARIO 4 £</b>
50% Service Manager being the Registered Individual (RI)	42,500	42,500	42,500	42,500
Employee (up to Assistant Manager)	670,000	670,000	670,000	670,000
Premises	14,100	14,100	14,100	14,100
Transport	5,000	5,000	5,000	5,000
Supplies and Services	43,000	43,000	43,000	43,000
Direct Payments	1,700	1,700	1,700	1,700
Management costs	73,380	73,380	73,380	73,380
Annual repayment costs (over a 25 year period) set at rates on 21/02/2024	0	21,580	3,597	25,176

<b>TOTAL ANNUAL REVENUE COSTS</b>	<b>849,680</b>	<b>871,260</b>	<b>853,277</b>	<b>874,856</b>
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>				
Average cost of identified current care packages paid through the Children's budget	(1,166,432)	(1,166,432)	(1,166,432)	(1,166,432)
<b>Based on 100% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	<b>(316,752)</b>	<b>(295,172)</b>	<b>(313,155)</b>	<b>(291,576)</b>

## ILLUSTRATION 2 – 75% occupancy

	<b>Based on SCENARIO 1 £</b>	<b>Based on SCENARIO 2 £</b>	<b>Based on SCENARIO 3 £</b>	<b>Based on SCENARIO 4 £</b>
<b>TOTAL ANNUAL REVENUE COSTS</b>	849,680	871,260	853,277	874,856
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>				
Average cost of identified current care packages paid through the Children's budget (@75% of the value)	(874,824)	(874,824)	(874,824)	(874,824)
<b>Based on 75% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	<b>(25,144)</b>	<b>(3,546)</b>	<b>(21,547)</b>	<b>32</b>

Based on scenario 3, an empty bed (void) reduces the savings by £291K over a full year effect.

## 9. CONSULTEES:

- Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
- Councillor Ben Callard, Cabinet Member for Resources
- Peter Davies, Deputy Chief Executive / Chief Officer for Resources and Section 151 Officer
- Nicholas Keyes, Head of Property Services
- Tyrone Stokes, Finance Manager
- Diane Corrister, Head of Children's Services
- Sam Mills, Regional Project Manager
- Kevin Fortey, Housing with Care Fund Project Manager, Regional Partnership Board

**10. BACKGROUND PAPERS:**

Appendix 1 - Business Case

Appendix 2 – Exempt Information

Appendix 3 – Developing Children’s Residential and 16+ Supported Accommodation Placements, People Scrutiny Committee, 6<sup>th</sup> February 2024

**11. AUTHOR:**

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# APPENDIX 1: BUSINESS CASE FOR THE ACQUISITION OF A PROPERTY IN MONMOUTH TO PROVIDE A REGISTERED RESIDENTIAL CHILDREN'S HOME

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**Author:**

**Jane Rodgers**

**Chief Officer, Social Care and Health**



**Date 22nd February 2024**

**Consultees:**

- Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
- Councillor Ben Callard, Cabinet Member for Resources
- Peter Davies, Deputy Chief Executive / Chief Officer for Resources and Section 151 Officer
- Nicholas Keyes, Head of Property Services
- Tyrone Stokes, Finance Manager
- Diane Corrister, Head of Children's Services
- Sam Mills, Regional Project Manager
- Kevin Fortey, Housing with Care Fund Project Manager, Regional Partnership Board

## **1. INTRODUCTION**

Children's Services seek approval to acquire a property in Monmouth to provide a registered residential children's home for up to 4 children. The property is a substantial detached property which is currently used as an ordinary residential property. It is located near the town centre close to Monmouth Comprehensive School.

In order to meet the needs of children who are looked after and the regulatory standards required for registration under RISCA regulations, the property will require refurbishment.

The residential service will be designed to create a homely environment for up to 4 well-matched children. The placement will allow for children to be placed closer to their homes and families and given its proximity to Monmouth town centre children placed there will have good access to community-based resources and local amenities.

Alongside the development of the property, the intention is to develop an in-house residential service whereby the Council would register the provision with CIW and become the regulated provider. A residential workforce, management structure and RI (Responsible Individual) function would put in place to ensure that quality standards are maintained and that children are provided with the personalised care and support they require.

This business case therefore seeks approval to:

- To acquire and refurbish the property through drawing down up to £1,175,500 from the £1,865,000 existing borrowing headroom established at a Full Council meeting of 27<sup>th</sup> January 2022 under a 25-year term.
- To continue to work in partnership with Welsh Government, the Aneurin Bevan Health Board, and the Regional Partnership Board to secure funding that would look to mitigate or avoid the need for the borrowing headroom to be drawn upon.

This business case is set out within the context of the decisions made at full Council on 27<sup>th</sup> January 2022 and in line with the report presented at the People Scrutiny Committee on 6<sup>th</sup> February 2024 regarding proposals for the overall development of children's residential and 16+ supported accommodation placements. This report is now listed on the forward plan for full Council on 18<sup>th</sup> April 2023 with proposals to include further extending the use of borrowing headroom to acquire and refurbish properties suitable for residential children's homes, subject to appropriate business cases and cabinet approval.

## **2. STRATEGIC CASE**

### **2.1 Context**

There is a national shortage of residential placements, which is exacerbated by an insufficiency of foster placements, and more recently by the instability of the provider market following the Welsh Government policy initiative to drive profit out of children's care.

Aligned to its Corporate Parenting responsibilities, under Section 75 of the Social Services and Wellbeing Wales Act the Local Authority has a legal duty to ensure that there are sufficient and appropriate placements for children who are Looked After.

At present, there are insufficient suitable placements for Monmouthshire children who are looked after with an over-reliance on independent fostering agencies and spot-purchased residential placements from profit making organisations.

The current over reliance on the external market in the context of high demand and competition for placements is creating numerous pressure and risks for the Council including:

- Financial pressure because of the cost of spot-purchased placements.
- Children being placed away from their home, communities and support networks.
- Variable quality in terms of achieving good outcomes for children.
- Risks of not being able to find a placement for a child and the need to enter into placement arrangements that our outside Welsh Regulations (OWRs).
- Workforce pressure because of children being placed in numerous different locations; the time it takes to source external placements; and the psychological impact of working in a context where placement insufficiency is a day-to-day risk factor.

The current ambition, as set out in the report presented to the People Scrutiny Committee on 6th February 2024, is to significantly increase the number of all in-house placement types both fostering and residential over the next 1 – 3 years. This will ensure that Monmouthshire's Looked After Children's needs are consistently met with increased opportunity to be placed closer to their homes and communities; as well as providing increased stability and certainty in our wider care planning for children.

As at the end of December 2023 there were 204 children looked after by Monmouthshire County Council, of which 49 were placed with independent fostering agency carers and 20 placed in residential placements.

Our commissioning data and analysis confirms that to ensure sufficiency of appropriate placements for children we must significantly increase the number of all placement types. Specifically, the service has identified that at least 12 further standard residential children's homes placements are needed based on current placements, 4 of which would be achieved through the acquisition and refurbishment of the property.

## **2.2 Case for Change**

### **2.2.1 *Spending objectives***

The development of the property as a residential children's home is in keeping with the Council's objective to support placements closer to home and is aligned to the current Welsh Government commitment to eliminate profit from children's social care.

The acquisition and refurbishment of the property is required in order to provide safe and appropriate accommodation for up to 4 children who are looked after in accordance with statutory frameworks. The development of the property will enable us to support children appropriately to achieve their personal outcomes and wellbeing over the longer-term in accordance with their individual care plans.

The property has been assessed as suitable to develop into a residential children's home set against the range of criteria outlined within the Regulated Services (Service Providers and Responsible Individuals) (Wales) Regulations 2017 Version 2 (April 2019). There is sufficient space to provide four children's bedrooms (at 12 square metres of useable floor space) together with adequate provision for sleeping-in arrangements for residential care staff. There is sufficient space for communal areas for recreational activity and there is accessible outdoor space. The building is situated close to the town centre and within walking distance of a range of local amenities and schools.

The primary objective of the Business Case is for up to 4 children (at any one time) to be suitably matched and to be enabled to live comfortably and well in the property for as long as it meets their individual care planning needs. Whilst the aim is to create stability, we would naturally expect some children to move on before others resulting in changes within the make-up of the household over time. Each change or move would be carefully planned through matching followed by managed introductions and transition; and children would only be placed in the property if it was the right placement for them.

To develop a prospective business case an initial group of 6 children have been identified who would benefit from a planned move into the property upon it being registered and available for occupation. These children are currently in placements that are not best suited to their needs, primarily because of location.

We have used the costs associated with these children to provide a model business case.

The key objectives for this business case are:

- To provide a homely children's residential setting that is designed to meet the needs of children who are looked after by MCC.
- To improve services for children who are looked after through ensuring that more children can be placed close to their homes and communities in a way that meets their personal outcomes and care planning needs.
- To allow the Council to meet legal and regulatory requirements under SSWBA and RISCA regulations.
- To secure better value for money and the potential to reduce revenue costs associated with the current arrangements.

- To allow the Council increased autonomy in care planning and matching decisions for all children who are looked after.
- To improve welfare considerations and efficiencies for the children’s services workforce due to reduced travel time.
- By bringing the residential service fully in-house to increase opportunities for integrated working to ensure good outcomes for children who are looked after.

### **2.2.2 Existing Arrangements**

All children who are looked after have an allocated social worker and a care plan which sets out their individual outcomes within the context of i) why the child needed to come into care; ii) the primary purpose and objective for the time that they are in care; iii) how their family and community relationships will be maintained and developed; iv) their educational arrangements; and v) their pathway plan to leave care.

Based on an understanding of their individual care plans, the service has identified 6 children who would potentially benefit from a placement in the property. The age range is between 8 – 13 years and the children are currently placed in for-profit residential placements located in:- Rhondda Cynon Taff (£4,841\*), Swansea (£6,036), Neath (£5,000), Herefordshire (£6,250), Torfaen (£4,200) and Wrexham (£7,140). These costs are currently met through Children’s Services revenue budget. (\*Currently Weekly Cost).

To develop the business case for 4 potential placements at the property, we have taken the average annual cost of the 6 current placements and recalibrated for 4 placements. This means that the current annual comparator costs associated with 4 placements is £1,166,000 for a full year.

We have used a group of 6 children because, given the project development time, and as the wider cohort of children who are looked after changes, it is unfeasible to accurately pin-down the exact 4 children identified for the placement until more detailed work is undertaken. The group of 6 provides a reasonably accurate illustration of such children as might benefit from a future placement at the property and their current associated costs.

### **2.2.3 Business Needs**

<b>Where we are now</b>	<b>ESSENTIAL Objectives of Business Case</b>
Monmouthshire does not have any standard in-house residential children’s placements	To develop a standard in-house residential placement for up to 4 children
At risk of having to establish temporary OWR placements because of lack of ability to source placements from the external market	To increase our overall placement sufficiency and decrease risk of having to make OWR placements

Monmouthshire does not have an in-house residential workforce [the workforce for in-house bespoke children's homes has been procured from the external market]	To establish an in-house residential workforce to become the registered care provider at the home
Children are in spot-purchased for profit providers	Use the revenue money associated with existing placements (£1,166,000) to develop an in-house residential children's home provision
Provider fees are negotiated on an annual basis	To reduce dependency on external provision and external fee-setting [in the context where a national lack of placement sufficiency is driving costs]
Children are not placed near to their home and communities [being placed away from Monmouthshire leads to disrupted support and family relationships]	To increase opportunities to place children closer to their homes and communities
The Council is reliant on external placements to agree matching for children and there is little opportunity for forward care planning across the cohort of children who are looked after	To increase the ability to forward plan and have greater control on matching and placement decisions
Social care workers are required to travel to different parts of the country to visit individual children	To reduce the amount of travel time for the social care workforce
Children are placed in a range of different organisations which do not support fully integrated working.	To increase opportunities for integrated working to ensure good outcomes for children

**2.2.4 Additional Benefits**

The development would support the overall regional position in terms of placement sufficiency, in keeping with the aims of the Regional Partnership Board.

The business case is in-keeping with the objectives of the Welsh Government and the Regional Integration Fund Capital programme. This means that there is a high likelihood of the Council being successful in its application for a grant to support the acquisition costs (in-year) and for a subsequent grant to support the refurbishment costs (in year 2024/25).

**2.2.5 Risks**

The risks for this proposal fall into two main areas – property related risks and service-related risks.

**Property related risks are exempt and are set out in Appendix 2.**

**Service (Implementation) Related Risks**

Risk	Mitigation
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<p>Regulatory process – delays in the refurbishment or difficulties in achieving registration.</p> <p>This would mean some uncertainty in the care planning for specific children and the potential to extend the time when we would be ‘double-running’ [i.e. covering start-up costs of the new home and the costs of children’s current placements prior to a move].</p>	<p>The refurbishment will be expedited and prioritised by the council working with known contractors.</p> <p>Children’s Services is seeking to employ a Service Manager to oversee the project and work closely with CIW to achieve registration as expediently as possible.</p> <p>The service has some knowledge and experience in meeting regulatory requirements associated with residential placements.</p>
<p>Regulatory process – delays / inability to recruit a suitable service manager to develop the provision and act as Responsible Officer</p>	<p>A full recruitment campaign will be run with promotional activity.</p> <p>The service currently has a [relatively] stable workforce and a good reputation as an employer within social care. The post will be advertised on a permanent basis and the salary is competitive.</p> <p>The contingency plan would be to absorb the work into current leadership structure until the post can be recruited to.</p>
<p>Regulatory process – delays / inability to recruit a residential care workforce</p>	<p>A full recruitment campaign will be run with promotional activity.</p> <p>The service currently has a [relatively] stable workforce and a good reputation as an employer within social care.</p> <p>Posts would be advertised on a permanent basis.</p> <p>The LA salary for residential care workers is competitive comparatively to for-profit employers.</p>
<p>Delays / inability to identify and match suitable children who need the placement</p>	<p>The service has an in-depth knowledge of individual children and how they might match.</p> <p>Work is currently taking place to consider the whole cohort of children who are looked after to consider potential candidates for the home.</p> <p>MCC will work with the region to offer up a potential placement to achieve a good match / avoid voids.</p>

Refurbishment costs exceed what is currently provided for	There is a contingency for unexpected works in the costs

### Wider Service-Related Risks

Risk	Mitigation
The property is not required as a placement in the future	The property could be re-purposed or sold.
Risks associated with service delivery of a residential children's home placement including failure to meet regulatory requirements; poor inspection outcomes; children not safeguarded.  This could represent reputational risk for the Council.	The service is seeking to employ a service manager to act as Responsible Individual  There is some experience and knowledge about working with CIW in a direct setting within the council and within the region.
Costs of providing the service outstrips what is allocated because of voids or agency staffing costs	A 25% void rate has been built into the illustrative business plan. A 25% void rate retains a very small saving. There is a small contingency built into the running costs. There is opportunity to 'sell' placements to other Local Authorities.
Inability to sustain an in-house residential provision	The care and support element would be tendered to a not-for-profit organisation [at a future point the not-for-profit market may be sufficiently developed to allow for this]  The council would look to exercise its right to dispose of the property [albeit that this would lead to grant payments needing to be returned]

### 2.2.6 Constraints

If capital costs are supported or fully met through the Housing with Care capital grant (or any other capital grant) this will considerably reduce the borrowing costs for the Council.

However, there will be constraints around the use of the property going forward (ie to provide a service in keeping with the provision of children who are looked after / with complex needs) and a requirement



to pay back in the event of the property being sold. The term for these constraints is 10 years. These constraints do not outweigh the benefits of securing a capital grant to support the proposal.

### 2.2.7 Dependencies

The project is dependent on the property being successfully registered with CIW and continuing to meet the standards under RISCA regulation in subsequent inspections.

## 3. OPTIONS ANALYSIS

### 3.1 Critical Success Factors (timeframes to be confirmed)

- Property acquired and refurbished.
- Capital grant received to reduce any borrowing strain on the Council.
- Management structure and workforce established.
- Provision successfully registered with CIW.
- The first cohort of children successfully matched and in-situ.
- Children achieve good outcomes through their placement in the new home.

### 3.2 Main Options

#### Summary of Options Appraisals

<b>OPTION 1</b>	<b>Do Nothing</b>
<b>Description</b>	The Local Authority does not develop any in-house residential placements and continues to spot-purchase from the external market
<b>Net Costs</b>	£0 however, the council would lose the potential to generate any savings against the current approximate spend of £1,166,000 (based on illustrative cohort of children currently in spot-purchased residential provision)
<b>Advantages</b>	The Council will avoid any of the implementation or wider risks identified above.
<b>Disadvantages</b>	Leaves the Council entirely dependent on the external market to provide residential placements for children.
<b>Conclusion</b>	Not recommended
<b>OPTION 2</b>	<b>Do Minimal</b>
<b>Description</b>	Do not proceed with the acquisition of this property and wait for alternative property to become available that is on the market for less or requires less refurbishment
<b>Net Costs</b>	£0 however, the council would lose the potential to generate any savings against the current approximate spend of £1,166,000 (based on illustrative cohort of children currently in spot-purchased residential provision)
<b>Advantages</b>	The council would not reduce its current borrowing headroom, which would then be retained for an alternative, potentially more suitable / less costly property.

	The offer for the property is made at £35,00 more than the independent valuation – not pursuing the purchase would reduce risk of purchasing a property at higher price than the evaluation.
<b>Disadvantages</b>	On-going searches for potentially suitable properties within Monmouthshire have been undertaken and are on-going. Only one alternative property has been identified to date, which after initial inquiries was deemed unsuitable because of health and safety issues. Suitable properties for development do not come onto the market frequently. Delay in pursuing a suitable property such as this would delay the opportunity to develop a residential provision by an indefinite, potentially extended, period. Not purchasing this property will compromise the Council's ability to secure a capital grant this year (2023 – 2024).
<b>OPTION 3</b>	<b>Do Minimal</b>
<b>Description</b>	The Local Authority proceeds with the development of the property but seeks to commission a not-for-profit partner to provide the care and support
<b>Net Costs</b>	The weekly associated costings for a third party not for profit delivery would be £6,000* per week per bed, equating to an annual revenue cost of £1,248,000 which exceeds the current cost of placements. [*Based on recent tendering exercise of neighbouring council]
<b>Advantages</b>	This would mean that the delivery and implementation risks are shared with another organisation who would become the registered provider with CIW.
<b>Disadvantages</b>	It is felt that currently the not-for-profit provider market for children's residential care is not sufficiently developed to generate a competitive response to a tender. A partnership arrangement would reduce the level of autonomy that the council has in terms of care planning and matching. This option does not fully support the wider strategic aims of the council in terms of developing in-house / regional sufficiency.
<b>Conclusion</b>	Not recommended
<b>OPTION 4</b>	<b>Purchase and refurbish this property and develop an in-house residential service to provide a registered residential 4-bed home to meet the needs of Monmouthshire Children who are Looked After</b>
<b>Description</b>	This property is purchased and Monmouthshire becomes the registered care provider
<b>Net Costs</b>	Capital Costs (covered through a combination of grant and borrowing) Estimated Annual Revenue Cost at 100% occupancy = £849,680 (covered through existing revenue costs of placements)
<b>Advantages*</b>	This represents good value for money in terms of being able to support Monmouthshire children who are looked after to be placed closer to home and communities and achieve good outcomes, within the existing budget envelope. It accords with the strategic intention of increasing the Council's sufficiency of in-house placements and reduces reliance on the external market.
<b>Disadvantages*</b>	This will continue to draw heavily on the council's resources in terms of time and effort required to implement this development. It requires the council to manage the asset going forward.

	There are associated risks and challenges (as per <b>2.2.5</b> )
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### **3.3 Recommended option**

Option 4 is the recommended option.

## **4. PROCUREMENT ROUTE**

Acquisition of property is through the open market with a private buyer and subject to planning permission for change of use.

Sales process outlined along with the subsequent work and process needed to make the property fit for purpose as a registered setting.

For HOTs – Refer to ‘Memorandum of Sale’

The following conditions are attached to the offer:

- Legal due diligence (satisfactory searches etc)
- Independent external valuation
- Subject to contract
- Subject to Cabinet consent
- Satisfactory EPC
- Subject to condition survey
- A long stop date of 31 March 2024, with exchange at the earliest opportunity.
- Property to be cleared of all belongings prior to completion.

Works for the refurbishment will be procured through normal council arrangements.

## **5. FUNDING and AFFORDABILITY**

### **CAPITAL Costs of Acquisition**

**Specific details of costs are included at appendix 2 which is exempt from publication.**

The capital cost of acquisition and refurbishment will be met either through a combination of borrowing and Welsh Government Grant (Housing with Care Fund) or wholly through grant money.

The Local Authority has applied to the Housing with Care Fund (HCF) for £1,175,500 spread over two years – up to £875,500 (2023/24 for the acquisition) and up to £300,000 (2024/25 for the refurbishment). The HCF will provide for the cost of the acquisition (up to an independent market

valuation), together with land transaction fees and associated costs only if we are able to complete the purchase before year end.

Authorisation for draw down against the £875,500 was approved at the Welsh Government panel on 22nd March 2024 pending Ministerial approval. The second part of the grant application - £300,000 for the refurbishment costs in year 2024/25 – will need to go through a second stage technical approval process next year.

The outcome of the independent market valuation was that the property was valued at £35,000 less than the offer that has been accepted. We now have an opportunity to challenge this valuation; however, it potentially creates a shortfall in our ability to draw down against the HFC. It is proposed that this shortfall will be covered by borrowing against existing headroom.

Given the uncertainties in respect of the final market valuation and given that the £300,000 must go through a second approval stage, capital modelling has been based on 4 scenarios. These illustrate that at best, the council will have no borrowing strain, and that at worst, the council will incur borrowing strain of £350,000.

Scenario 3 is the most likely option on the basis that:

- It is unlikely the independent market valuation is going to improve.
- It is likely that HCF ministerial approval for draw down against £875,500 in 2023/24 is achieved because the application has been approved by the Welsh Government panel and aligns entirely with current Welsh Government policy direction and with HCF criteria.
- It is likely that if there is HCF approval for the acquisition then approval for refurbishment costs will follow (the application is submitted as a whole scheme over two years).

### **Annual Care Costs**

Currently, the cost of providing the care that could be replaced through the development of this property is approximately £1,166,000 over 4 children (based on illustrative cohort of 6 children currently in spot-purchased residential provision).

The revenue cost of running a residential children's home is calculated at £849,690 (based on other similar Local Authority schemes). Taking into account the varying cost impact of the 4 potential borrowing scenarios as above, we have modelled the revenue costs against an 100% occupancy rate (illustration 1) and a 75% occupancy rate (illustration 2).

75% occupancy is a cautious approach which we have adopted given the importance of matching children and allowing appropriate time for transitions particularly during the early period of the residential home. Other models use an 80 – 85% occupancy rate.

These tables are illustrative because the identified savings / or the impact on savings arising from a void cannot be easily identified due to the variability of existing package of care. Equally, there may be situations where placements in the new home result in cost avoidance.

**REVENUE COSTS\_ILLUSTRATION 1 – 100% occupancy**

<b>ANNUAL REVENUE COSTS</b>	<b>Based on SCENARIO 1</b>	<b>Based on SCENARIO 2</b>	<b>Based on SCENARIO 3</b>	<b>Based on SCENARIO 4</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
50% Service Manager being the Registered Individual (RI)	42,500	42,500	42,500	42,500
Employee (up to Assistant Manager)	670,000	670,000	670,000	670,000
Premises	14,100	14,100	14,100	14,100
Transport	5,000	5,000	5,000	5,000
Supplies and Services	43,000	43,000	43,000	43,000
Direct Payments	1,700	1,700	1,700	1,700
Management costs	73,380	73,380	73,380	73,380
Annual repayment costs (over a 25 year period) set at rates on 21/02/2024	0	21,580	3,597	25,176
<b>TOTAL ANNUAL REVENUE COSTS</b>	<b>849,680</b>	<b>871,260</b>	<b>853,277</b>	<b>874,856</b>
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>				
Average cost of identified current care packages paid through the Children’s budget	(1,166,432)	(1,166,432)	(1,166,432)	(1,166,432)
<b>Based on 100% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	<b>(316,752)</b>	<b>(295,172)</b>	<b>(313,155)</b>	<b>(291,576)</b>

## REVENUE COSTS ILLUSTRATION 2 – 75% occupancy

	Based on SCENARIO 1 £	Based on SCENARIO 2 £	Based on SCENARIO 3 £	Based on SCENARIO 4 £
<b>TOTAL ANNUAL REVENUE COSTS</b>	849,680	871,260	853,277	874,856
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>				
Average cost of identified current care packages paid through the Children’s budget (@75% of the value)	(874,824)	(874,824)	(874,824)	(874,824)
<b>Based on 75% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	<b>(25,144)</b>	<b>(3,546)</b>	<b>(21,547)</b>	<b>32</b>

Based on scenario 3, an empty bed (void) reduces the savings by £291K over a full year effect.

### Revenue Generation (if applicable)

If voids arise, and there are no children identified within Monmouthshire who will need the placement in the short-term, there is potential to ‘sell’ the placement to another Local Authority. Standard practice for inter Local Authority purchasing of placements is to charge a mark-up of 20% of the weekly cost which would equate to £4,922 per bed per week (based on scenario 3).

## 6. DELIVERY ARRANGEMENTS

Task	Person Responsible	Timeframe	Reports to
Purchase of the property	Nicholas Keyes	End of March 2024	Peter Davies
Appointment of Service Manager	Diane Corrister	End of April 2024	Jane Rodgers

Development of service specification and statement of purpose	Residential Services Manager	End of July 2024	Diane Corrister
Project management for refurbishment and improvement	Property services	End of July 2024	Nicholas Keyse
Liaison with CIW to ensure prompt registration of the provision	Diane Corrister	End of Aug 2024	Jane Rodgers
Financial arrangements	Tyrone Stokes		Jane Rodgers / Peter Davies
Care planning and transition arrangements for children who are identified as suitable to be placed in the new home	Lupupa Nshimbi	End of Aug 2024	Diane Corrister
Target completion date		Sept 2024	

Monitoring and review of progress towards the objectives of the business case will be provided by Children’s Services leadership team, reporting into Social Care and Health Directorate Leadership Team and Chief Officer. Regular updates will be provided into the Council’s Senior Leadership Team and a project plan and risk register will be maintained.

## 7. CONTINGENCY PLAN

The need for a contingency might arise if it becomes clear that registration of the new home won’t be achieved, or no suitable children are identified to move in. In this case contingency options will be considered follows:

- The council will draw up a specification and initiate a procurement process in order to seek a not-for-profit organisation to become the registered provider.
- The council will seek to sell individual residential placements to neighbouring Local Authorities.
- The council will liaise with the regional partnership board to seek a change of use for the property in keeping with the overall objectives of the capital programme (to avoid claw back).
- The council would look to exercise its right to dispose of the property albeit that this would lead to grant payments needing to be returned (if within 10 years).

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

**Meeting and Date of Meeting: Cabinet 6<sup>th</sup> March**

**Report: Business Case for the ACQUISITION OF A PROPERTY TO PROVIDE A REGISTERED RESIDENTIAL CHILDREN'S HOME**

**Author: Jane Rodgers, Chief Officer, Social Care, Safeguarding and Health**

I have considered grounds for exemption of information contained in Appendix 2 of the report referred to above and make the following recommendation to the Proper Officer:-

**Exemptions applying to the report:**

**Appendix 2 to this report is exempt by virtue of the Local Government Act 1972, Schedule 12A, Part 4, paragraphs 12 and 21 in that it is information relating to a particular individual and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**Factors in favour of disclosure:**

Openness & transparency in matters concerned with the public

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

Information prejudicial to the private owner of the property would be disclosed, namely the purchase price of the property.

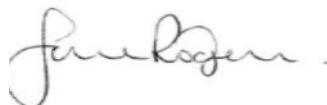
**My view on the public interest test is as follows:**

Factors in favour of disclosure are outweighed by those against.

**Recommended decision on exemption from disclosure:**

Maintain exemption from publication in relation to **Appendix 2 only**

Date: 22/02/24



Signed:

Post: Chief Officer Social Care, Safeguarding and Health



I accept the recommendation made above

Signed: Peter Davies

Deputy Chief Executive

Date: 27<sup>th</sup> February 2024

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

Document is Restricted

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# Integrated Impact Assessment document

(incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

<p><b>Name of the Officer</b> Jane Rodgers Chief Officer, Social Care, Safeguarding &amp; Health</p> <p><b>Phone no:</b> <b>E-mail:</b> <a href="mailto:janerodgers@monmouthshire.gov.uk">janerodgers@monmouthshire.gov.uk</a></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>This impact assessment will look at the impact of the purchase and redevelopment of a 4-bedroom children's residential provision in Monmouth</p>
<p><b>Name of Service area</b></p> <p>Social Care and Health Directorate, Children's Services</p>	<p><b>Date</b></p> <p>22/02/2024</p>

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**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	This development will positively impact on children, specifically those children who looked after, by ensuring that they have increased opportunities to get the care and support they need closer to their homes and communities.	None identified at this point	None identified at this point
Disability	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic

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	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic
Marriage or civil partnership	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic
Pregnancy or maternity	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic
Race	.There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic
Religion or Belief	.There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic
Sex	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic

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?
Sexual Orientation	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic.	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic	There is no evidence to suggest that the proposal will positively or negatively impact on people who share the protected characteristic

## 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.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 91</p> <p><b>Socio-economic Duty and Social Justice</b></p>	<p>The project proposes to repatriate Monmouthshire children. Bringing our children back into our communities where they can access local education, play, youth and health services will support their holistic development and personal outcomes, and increase their social and economic mobility.</p> <p>Bringing children closer to their families and support networks will ensure there are reduced socio-economic barriers for parents and guardians to engage with their children. An example of this could be access to family sessions within a local community, thus making it easier for all parties to access.</p>	<p>There is no evidence to suggest that the proposal will have a negative impact on people who are socio-economically disadvantaged.</p>	<p>Placement of children closer to home and communities to improve social and economic mobility where appropriate. Ensuring the project is close to schools, libraries, youth, play and health services to enhance the opportunities for supporting children to achieve their personal wellbeing outcomes.</p>





## 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 favorably	The proposals will be neutral in relation to opportunities to use the Welsh language and will not treat the Welsh language less favorably than the English language. The proposal will ensure children remain in Wales and enable them to maintain connections to the Welsh language.	There is no evidence to suggest that the proposal will have a negative impact on the Welsh language.	All supporting documents, information and surveys are available in Welsh upon request
<b>Operational</b>  Recruitment & Training of workforce	All adverts and tender specifications will be available in Welsh and will be advertised via the Sell2Wales procurement website.  We are not currently implementing an authority led operational delivery team, therefore there will be no formal recruitment linked to this project.	There is no evidence to suggest that the proposal will have a negative impact on the Welsh language.	Any future recruitment will be undertaken through the medium of English and Welsh and all documents displayed bilingually on the council website and social media channels.  Applicants will be invited to apply in Welsh if that is their preference.
<b>Service delivery</b>  Use of Welsh language in service delivery  Promoting use of the language	Welsh language and reference to Welsh culture will be actively encouraged in the home, this will be stipulated with the service provider at award of contract.  Non-Welsh speakers will be encouraged to use incidental Welsh in everyday communications.	There is no evidence to suggest that the proposal will have a negative impact on the Welsh language.	Development of bilingual policies and procedures to be available on request.

	All policies and procedures implemented within the home will be available in Welsh on request.		
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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. There's no need to put something in every box if it is not relevant!



<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>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>This proposal will allow more Children and young people to be placed in Monmouthshire. When children are placed outside of the county, or outside of Wales, this disrupts their support networks and has the potential to undermine personal outcomes regarding educational /training opportunities, which in turn affects their longer term employment prospects.</p> <p>Utilising local property related services and contractors in the acquisition and refurbishment of the home boosting local economy.</p>	<p>This proposal will bring Monmouthshire children looked after back into the area. The money currently being spent on private care companies out of county will be redirected to local foster carers and in house residential children's homes. This proposal will also provide new jobs and training as foster carers and as residential home staff.</p>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and land, river and coastal ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>Children and young people in private out of county placements have greater distances from their communities. This is vital to develop their identity and build their own self-esteem, confidence which contributes to their resilience.</p> <p>We aim to increase the properties EPC rating to A, reducing carbon emissions and ensuring sustainability is</p>	<p>Bringing our Children looked after back into Monmouthshire will reduce the volume of miles being travelled to visit these children who are currently placed all over the UK. It will enable them to grow and develop connections and access sources here in Monmouthshire.</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?
	at the heart of the development. Examples include air source heat pumps, EV charging.	
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized, and health impacts are understood</p>	Children and young people will be living in Monmouthshire with access to their communities and support networks including health thus improving their sense of identity and general wellbeing.	The proposal will contribute to the improved emotional wellbeing of young people, who have access to local services and maintaining links to their family and community. Bringing our children looked after back to Monmouthshire will mean we can work more closely with our local partner's where good relationships have already been built to ensure that the child has the best access to services and their physical, emotional and mental needs are being met.
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	Children and young people will be able to connect to Monmouthshire and their communities once back in county.	Bringing children closer to home to maintain connections with families and communities and school placements. As children grow and develop into adulthood, there is a greater possibility that they will remain in Monmouthshire as adults.
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	Living inside of Monmouthshire and Wales will enable children and young people to take ownership for their future and contribute to the development of Wales.	This proposal will keep children in county and in country. It will promote a child's right to a family while maintaining close links to families and communities.
<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>	Children are enabled to live and grow in communities which represent their own language and culture.	<p>Welsh language and reference to Welsh culture will be actively encouraged in the home.</p> <p>Non-Welsh speakers will be encouraged to use incidental Welsh in everyday communications.</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><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>The creation of the residential provision will provide the children with a supportive family environment from which to grow and develop as people. This provision will provide stability and structure for the children and ensure their life experiences do not inhibit their development and progression.</p>	

4. How has your proposal embedded and prioritised the sustainable governance principles in its development?

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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>Long Term</b></p> <p>Balancing short term need with long term and planning for the future</p>	<p>Significant emphasis has and will continue to be placed on the long-term care planning and reviewing arrangements for these children. Utilising the momentum of the Welsh Government manifesto pledge to ‘eliminate’ profit from children’s social care by April 2027.</p>	
 <p><b>Collaboration</b></p> <p>Working together with other partners to deliver objectives</p>	<p>Throughout the process of acquisition and redevelopment we have engaged with a number of local property specialist and contractors to deliver the desired objectives.</p> <p>In addition, collaboration with the Gwent regional partnership board has been a key collaboration in coordinating the HCF funding application.</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>Involving those with an interest and seeking their views</p> <p><b>Involvement</b></p>	<p>Children- have been consulted regarding their return to Monmouthshire, the transitional arrangements for these children will be managed in great detail. Key internal stakeholders have been engaged in the design and inception of the provision including property and planning colleagues. All council governance has been adhered to, to ensure all members are briefed on proposals. Specific Ward Members will be consulted further and kept abreast of all developments.</p> <p><i>Who are the stakeholders who will be affected by your proposal? Have they been involved? Do those people reflect the diversity of the area which is served?</i></p>	<p>Continued dialogue with children, home visits, managed transitions into schools and home.</p> <p>Public engagement events with neighbours and community groups.</p>
 <p>Putting resources into preventing problems occurring or getting worse</p> <p><b>Prevention</b></p>	<p>Children Services works to the earliest possible intervention, preventing problems occurring or getting worse. The introduction of the 'Going home staying home' team in Monmouthshire highlights the focus on this. Where appropriate a in-house placement can act as a stepping stone to support a child or young-person to leave care in a planned way.</p>	<p>None identified at this point</p>
 <p>Considering impact on all wellbeing goals together and on other bodies</p> <p><b>Integration</b></p>	<p>The proposal allows children and young people to become integrated into the local community, they will be encouraged to engage in community activities such as Mon life and Mon Sport. They will have access to local education and healthcare facilities integrating them well into life in Monmouthshire.</p>	<p>None identified at this point</p>

**5. Council has agreed the need to consider the impact its decisions have 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 will be at the heart of developing an in house provision for our young people. The home will be quality assured via the Responsible Individual function and will come under internal oversight of the care being delivered via Monmouthshire's safeguarding arrangements. The provision will come under regulatory inspection of CIW where safeguarding is a key priority.	The proposal will not bring a negative impact to safeguarding.	None identified at this point
Corporate Parenting	By developing the residential children's home we are enhancing the council's corporate parenting role of the corporate parent by providing a local authority residential placement for our children. This will enable improved care experiences for children and will allow the Corporate Parenting panel to have full oversight of the care and support that is provided.	The proposal will not bring a negative impact on corporate parenting.	None identified at this point

**6. What evidence and data has informed the development of your proposal?**

The Council as at 31.12.2023 had 21 children accommodated in for profit residential care settings with fee's ranging from £3,857 to £19,000 per week and cumulative expenditure figure of £138,079.55 per week. From a corporate parent perspective, we are duty bound to provide the best and most suitable accommodation to meet the needs of our children and people. With the reliance on the for-profit sector and the underdeveloped internal provision we are limited in the variety and availability of accommodation to meet their needs.

The Council does not have its own residential provision and is totally reliant on the residential care home market which is almost exclusively operated by for-profit agencies. Therefore, it is important for the Council to develop provision which is bespoke and tailored to the individual emotional and physical needs of children and young people to ensure they develop.

We strongly believe the reallocation of revenue away from the for-profit sector and into our own Monmouthshire developed in partnership with a not-for-profit sector provision will provide greater variety, quality and oversight of the care our children receive. It will strengthen our decision making and ensure our children can return to / remain within their communities where possible.

Utilising the momentum of the Welsh Government manifesto pledge to 'eliminate' profit from children's social care by April 2027 and the funding being made available via the Housing with Care Fund (HCF) grant, we have identified the need for the acquisition of three residential properties, to develop into residential children's homes providing twelve placements for our current cohort of CLA. Significant emphasis has and will continue to be placed on the long-term care planning and reviewing arrangements for these children. Similarly, it supports the Council and the Gwent region in its duty to achieve sufficiency of placements for children and young people who are looked after under Part 6 of the SSWBA.

#### Existing Arrangements

The table below shows 150 young people (45 over the age of 14) placed with either:

Monmouthshire Foster Carer (inside / outside county borders)

Independent Foster Carer (inside / outside county borders)

Monmouthshire Kinship Carer (inside / outside county borders)

Residential Care (inside / outside county borders)

Placement Type	Children and Young People Placed in County	Children and Young People Placed Out of County	Total Number of Children and Young People
Monmouthshire Foster Carer	34	10	44

Independent Foster Carer	10	41	51
Monmouthshire Kinship Carer	17	17	34
Residential Care	6	15	21
Total	67	83	150

Development of in-house provisions supports the local authorities' vision to repatriate young people back in-county where appropriate.

We currently utilise 12 for profit residential care providers to look after 21 children and young people in need of care and support.

Weekly revenue costs associated with these placements is £138,079.55, an average of £6,575 per child per week. There is a range of weekly fees due to several factors which impact the care needs of the children, such as matching requirements lead to beds being blocked, ratios of staff required, sibling groups in placement, access arrangements, education etc.

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**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*

Positives

Our project proposes to repatriate Monmouthshire children. Bringing our children back into our communities where they can access local education, play and youth services will support their social development and increase their social and economic mobility.

By developing and in house provision safeguarding for our young people will be improved as the care provision will be inhouse with internal oversight of the care being delivered. MCC will have the opportunity to have full oversight of the care delivery specification.

Bringing children closer to their families and support networks will ensure there are reduced socio-economic barriers for parents and guardians to engagement with their children if appropriate. An example of this could be access to contact sessions within a local community, thus making it easier for all parties to access.

This proposal will bring Monmouthshire children looked after back into the area. The money currently being spent on private care companies out of county will be redirected to local foster carers and in house residential children's homes. This proposal will also provide new jobs and training as foster carers and as residential home staff.



The proposal will contribute to the improved emotional wellbeing of young people, who have access to local services and maintaining links to their family and community. Bringing our children looked after back to Monmouthshire will mean we can work more closely with our local partner's where good relationships have already been built to ensure that the child has the best access to services and their physical, emotional and mental needs are being met.

Negatives

Preparation is required in order to ensure the Welsh language is present and encouraged within the home. Development of support with the Welsh language is needed for both young people and staff.

Community engagement will need to be at the forefront of the development moving forward as this may represent a barrier if not managed correctly and communities are not well informed.

**8. 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
Present the overall approach for developing residential placements for children at full council	April 2024	Jane Rodgers
Engage with ward member and local community	March 2024	Jane Rodgers

**9. 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	Informal cabinet	27/02/24	
