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Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

Dydd Mercher, 26 Chwefror 2025

Hysbysiad o gyfarfod:

Cyngor Sir

**Dydd Iau, 6ed Mawrth, 2025 at 2.00 pm,
Council Chamber - Council Chamber**

AGENDA

Cynhelir gweddïau cyn y cyfarfod Cyngor am 13.50pm. Mae croeso i bob aelod ymuno â'r Cadeirydd ar gyfer hynny os ydynt yn dymuno gwneud hynny

Eitem No	Eitem	Tudalennau
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Cyhoeddiad y Cadeirydd	1 - 2
4.	Derbyn Deisebau	
5.	Cadarnhau cofnodion y cyfarfod a gynhaliwyd ar 23ain Ionawr 2025	3 - 18
6.	Adroddiadau i'r Cyngor	
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6.2.	Strategaeth Gyfalaf a Rheoli'r Trysorlys	35 - 94
6.3.	Rheolau Gweithdrefn Contract Diwygiedig	95 - 104
7.	Cynigion gan Gynghorwyr	
7.1.	Cyflwynwyd gan y Cynghorydd Sirol Richard John	

Bod y Cyngor hwn yn cydnabod y rôl werthfawr y mae ein llyfrgelloedd a'n hybiau cymunedol yn ei chwarae ym mywyd cymunedol ledled Sir

Fynwy.

Yn gresynu at ymgais ddiweddar y weinyddiaeth i israddio Llyfrgell a Chanolfan Gymunedol Trefynwy.

Yn galw ar y weinyddiaeth i oedi ei gynlluniau ar gyfer 'ail-alinio hybiau cymunedol' nes bod y cyhoedd wedi cael ymgynghoriad priodol.

7.2. Cyflwynwyd gan y Cynghorydd Sirol Richard John

Bod y Cyngor hwn yn nodi ymgynghoriad terfyn cyflymder 20mya diweddar y weinyddiaeth.

Yn cyfarwyddo'r weinyddiaeth i gyhoeddi'n llawn yr ymatebion i'r ymgynghoriad sydd wedi'u golygu.

Yn gofyn i'r Pwyllgor Gwasanaethau Democrataidd ystyried a gwneud argymhellion i'r weinyddiaeth yn dilyn nifer o ymgynghoriadau a gynhaliwyd yn wael yn ddiweddar.

8. Cwestiynau'r Aelodau

8.1. O'r Cynghorydd Sirol Louise Brown i'r Cynghorydd Sirol Ben Callard, yr Aelod Cabinet dros Adnoddau

A all yr Aelod Cabinet roi'r wybodaeth ddiweddaraf am ddyfodol Safle Ysgol Tŷ Mouton ym Mhwlmeurig?

8.2. O'r Cynghorydd Sirol Meirion Howells i'r Cynghorydd Sirol Ian Chandler, Aelod Cabinet dros Ofal Cymdeithasol, Diogelu a Gwasanaethau Iechyd Hygyrch

Wrth i ni nesáu at bumed pen-blwydd pandemig COVID-19 ddydd Sul yma, 9^{fed} Mawrth, hoffwn ofyn pa gynlluniau sydd gan y Cyngor i nodi'r garreg filltir arwyddocaol hon? Mae'n gyfle nid yn unig i gofio'r rhai a gollon ni - gan gynnwys fy nhad fy hun - ond hefyd i gydnabod cyfraniadau amhrisiadwy ein gweithwyr allweddol hanfodol a'r llu o wirfoddolwyr a gamodd ymlaen i gefnogi ein cymunedau yn ystod cyfnod mor heriol. Gwnaeth eu hymroddiad, eu tosturi a'u gwydnwch wahaniaeth mawr pan oedd ei angen fwyaf.

A allech chi rannu unrhyw fentrau neu ddigwyddiadau sy'n cael eu hystyried i goffáu'r pen-blwydd hwn ac i anrhydeddu'r aberth a'r ymdrechion a wnaed gan unigolion, gwirfoddolwyr a sefydliadau ledled y sir?

8.3. O'r Cynghorydd Sirol Jayne McKenna i'r Cynghorydd Sirol Catrin Maby, Aelod Cabinet dros Newid yn yr Hinsawdd a'r Amgylchedd

Pam mae'r cyngor yn annog taflu sbwriel a thipio anghyfreithlon drwy dympio tarmac, pridd a deunyddiau eraill mewn cilfachau?

8.4. O'r Cynghorydd Sirol Lisa Dymock i'r Cynghorydd Sirol Martyn Groucutt, Aelod Cabinet dros Addysg

O ystyried ehangu'r cymorth gofal plant yn Lloegr yn ddiweddar o dan yr hen lywodraeth Geidwadwyr i gynnwys plant o naw mis oed, pa drafodaethau y mae'r aelod cabinet wedi'u cael gyda Llywodraeth Cymru ynghylch cyflwyno cynnig tebyg i deuluoedd sy'n gweithio yn Sir Fynwy?

8.5. O'r Cynghorydd Sirol Lisa Dymock i'r Cynghorydd Sirol Paul Griffiths, Aelod Cabinet dros Gynllunio a Datblygu Economaidd a'r Dirprwy Arweinydd

Wrth i'r cyngor baratoi i fabwysiadu safle Mill Meadows yn Sudbrook gan y datblygwr, a allwch chi gynghori pa gamau fydd yn cael eu cymryd i sicrhau bod pob cwyn a mater sy'n weddill mewn manau cyhoeddus yn cael eu datrys yn llawn cyn i'r broses fabwysiadu gael ei chwblhau? Mae trigolion yn awyddus i weld y materion hyn yn cael sylw er mwyn osgoi problemau cynnal a chadw hirdymor yn disgyn ar y cyngor.

8.6. O'r Cynghorydd Sirol Tony Kear i'r Cynghorydd Sirol Catrin Maby, Aelod Cabinet dros Newid yn yr Hinsawdd a'r Amgylchedd

A allai'r Aelod Cabinet gynghori os gwelwch yn dda: Ym mhob blwyddyn ariannol ers 22 Mai, faint o hawliadau sydd wedi'u cyflwyno gan fodurwyr mewn perthynas â difrod i'w cerbydau a achoswyd gan dyllau yn y ffordd neu ddiffygion eraill ar briffyrdd Sir Fynwy; faint o'r hawliadau hyn sydd wedi'u talu a faint mae hynny'n cyfateb iddo mewn termau ariannol?

8.7. O'r Cynghorydd Sirol Jane Lucas i'r Cynghorydd Sirol Paul Griffiths, Aelod Cabinet dros Gynllunio a Datblygu Economaidd, Dirprwy Arweinydd

Pam gwrthodwyd cyfle i drigolion ward Osbaston rannu eu barn ar leoli'r ganolfan iechyd newydd yn ystod ymgynghoriad y CDLIN?

8.8. O'r Cynghorydd Sirol Christopher Edwards i'r Cynghorydd Sirol Catrin Maby, Aelod Cabinet dros Newid yn yr Hinsawdd a'r Amgylchedd

A allai'r Aelod Cabinet roi'r wybodaeth ddiweddaraf am gynlluniau'r weinyddiaeth ar gyfer gwell diogelwch traffig ar y ffyrdd ar hyd Welsh Street, Cas-gwent.

8.9. O'r Cynghorydd Sirol Christopher Edwards i'r Cynghorydd Sirol Catrin Maby, Aelod Cabinet dros Newid yn yr Hinsawdd a'r Amgylchedd

A allai'r Aelod Cabinet hysbysu'r cyngor am unrhyw gynnydd gyda cheisiadau am gyllid grant i Lywodraeth Cymru ar gyfer gwaith gwella diogelwch ar y ffyrdd ar gyfer St Lawrence Road (rhwng Kingsmark Lane/Barnets Wood a chylchfan y Cae Ras), Cas-gwent.

8.10. O'r Cynghorydd Sirol Christopher Edwards i'r Cynghorydd Sirol Martyn Groucutt, Aelod Cabinet dros Addysg

Yn dilyn y cyhoeddiad diweddar yn y Senedd bod bron i chwarter holl ysgolion Cymru angen gwaith cynnal a chadw brys, gydag ôl-groniad o £93m o waith brys a chyfanswm bil cynnal a chadw o fwy na £500m; a allai'r Aelod Cabinet roi gwybod i'r Cyngor faint o 35 o ysgolion Sir Fynwy sy'n dod o fewn y categori brys hwn ac amlinellu cynllun gweithredu uniongyrchol y weinyddiaeth ar gyfer delio â'r ôl-groniad.

9.	Polisi Cyflog y Cyngor	105 - 130
10.	Ystyried a ddylid gwahardd y wasg a'r cyhoedd o'r cyfarfod wrth ystyried yr eitemau busnes canlynol yn unol ag Adran 100A Deddf Llywodraeth Leol 1972, fel y'i diwygiwyd, ar y sail ei bod yn cynnwys gwybodaeth fel y'i diffinnir ym Mharagraff 13 o Ran 4 o Atodlen 12A i'r Ddeddf (Barn y Swyddog Priodol ynghlwm).	131 - 134
10.1.	Pennaeth Penodiadau Gwasanaeth	135 - 176

Paul Matthews
Prif Weithredwr

CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Cynghorwyr Sir:

Rachel Buckler
Laura Wright
Tony Kear
Catrin Maby
Jan Butler
Ian Chandler
Sara Burch
Alistair Neill
Su McConnel
Mary Ann Brocklesby
Fay Bromfield
Jane Lucas
Emma Bryn
Peter Strong
Meirion Howells
Paul Griffiths
Jackie Strong
Rachel Garrick
Maria Stevens
Steven Garratt
Angela Sandles
Ben Callard
John Crook
Tomos Davies
Dale Rooke
Sue Riley
Jayne McKenna
Jill Bond
Louise Brown
Lisa Dymock
Tony Easson
Christopher Edwards
Martyn Groucutt
Simon Howarth
Richard John
David Jones
Penny Jones
Malcolm Lane
Phil Murphy
M. Newell
Paul Pavia
Maureen Powell
Frances Taylor
Tudor Thomas
Armand Watts
Ann Webb

Gwybodaeth Gyhoeddus

Mynediad i gopiâu papur o agendâu ac adroddiadau

Gellir darparu copi o'r agenda hwn ac adroddiadau perthnasol i aelodau'r cyhoedd sy'n mynychu cyfarfod drwy ofyn am gopi gan Gwasanaethau Democrataidd ar 01633 644219. Dylid nodi fod yn rhaid i ni dderbyn 24 awr o hysbysiad cyn y cyfarfod er mwyn darparu copi caled o'r agenda hwn i chi.

Edrych ar y cyfarfod ar-lein

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i www.monmouthshire.gov.uk neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

Y Gymraeg

Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd trwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn yn barchus i chi roi rhybudd digonol i ni er mwyn darparu ar gyfer eich anghenion.

Siarad yn gyhoeddus yn y Cyngor Llawn

Gall aelodau'r cyhoedd gofrestru i ofyn cwestiwn gan aelodau'r cabinet mewn cyfarfodydd llawn y cyngor. Nid oes cyfleuster i'r cyhoedd gofrestru i siarad fel rhan o'r ddatl am eitem ar yr agenda mewn cyfarfodydd cyngor llawn. Cyfanswm yr amser a neilltuir ar gyfer pob cwestiwn mewn cyfarfod o'r cyngor llawn yw 15 munud.

Ni chaniateir mwy nag un cwestiwn fesul holwr mewn cyfarfod llawn o'r cyngor a gofynnir cwestiynau yn y drefn y cânt eu cyflwyno.

Er mwyn cyflwyno cwestiwn mewn cyfarfod llawn o'r cyngor, rhaid rhoi hysbysiad ysgrifenedig neu drwy e-bost i'r pennaeth gwasanaethau democrataidd heb fod yn hwyrach na hanner nos, tri diwrnod gwaith cyn diwrnod y cyfarfod, gyda phob cwestiwn yn rhoi enw a chyfeiriad yr holwr.

Gellir gwrthod cwestiynau os;

- Nad yw'n ymwneud â mater y mae gan y cyngor gyfrifoldeb amdano neu sy'n effeithio ar y sir
- Yw'n ddifennol, yn wamal neu'n sarhaus
- Yw'n gwestiwn sydd i raddau helaeth yr un peth ag a ofynnwyd mewn cyfarfod o'r cyngor llawn yn y 6 mis diwethaf
- Yw'n gofyn am ddatgelu gwybodaeth gyfrinachol neu eithriedig

Pan na all person ofyn y cwestiwn i'r cyngor llawn yn bersonol, caiff y cadeirydd benderfynu darllen y cwestiwn yn uchel ar ei ran, cyfarwyddo y dylid darparu ymateb ysgrifenedig neu ddewis peidio ag ymdrin â'r cwestiwn yn ei absenoldeb. Bydd gan y rhai sy'n gofyn cwestiwn yn bersonol hawl i un cwestiwn atodol y mae'n rhaid iddo godi o'r cwestiwn gwreiddiol neu'r ateb. Gall y cadeirydd wrthod cwestiwn atodol ar y seiliau hyn.

Bydd unrhyw gwestiynau na ellir delio â nhw yn y cyfarfod oherwydd y terfyn amser ar gyfer cwestiynau cyhoeddus yn cael eu hateb drwy ymateb ysgrifenedig.

Nodau a Gwerthoedd Cyngor Sir Fynwy

Ein Pwrpas

- i ddod yn sir ddi-garbon, gan gefnogi lles, iechyd ac urddas i bawb ar bob cam o'u bywydau.

Amcanion rydym yn gweithio tuag atynt

- Lle teg i fyw lle mae effeithiau anghydraddoldeb a thlodi wedi'u lleihau;
- Lle gwyrdd i fyw a gweithio gyda llai o allyriadau carbon a gwneud cyfraniad cadarnhaol at fynd i'r afael â'r argyfwng yn yr hinsawdd a natur;
- Lle ffyniannus ac uchelgeisiol, lle mae canol trefi bywiog a lle gall busnesau dyfu a datblygu;
- Lle diogel i fyw lle mae gan bobl gartref maen nhw'n teimlo'n ddiogel ynddo;
- Lle cysylltiedig lle mae pobl yn teimlo'n rhan o gymuned ac yn cael eu gwerthfawrogi;
- Lle dysgu lle mae pawb yn cael cyfle i gyrraedd eu potensial.

Ein Gwerthoedd

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

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

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

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

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

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Chair's Report 27th January – 1st March 2025

Monday 27 th January 9.30 a.m.	The Wales Holocaust Memorial Day Ceremony Temple of Peace, Cathays Park, Cardiff
Monday 27 th January 2 p.m.	Holocaust Memorial Service County Hall, Usk
Tuesday 4 th February 11 a.m.	Citizenship Ceremony Registrars Office, Usk
Friday 7 th February	Volunteers Event County Hall, Usk
Saturday 22 nd February 7.30 p.m.	25 th Anniversary, Rorke's Drift Concert Theatr Brycheiniog, Brecon
Saturday 1 st March 11.30 a.m.	Lord Mayor's St David's Day Civic Service The City Parish Church of St John the Baptist

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MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of County Council held
at Council Chamber - Council Chamber on Thursday, 23rd January, 2025 at 2.00 pm**

PRESENT: County Councillor Su McConnel (Chairman)
County Councillor Peter Strong (Vice Chairman)

County Councillors: Rachel Buckler, Laura Wright, Tony Kear, Catrin Maby, Jan Butler, Ian Chandler, Sara Burch, Alistair Neill, Mary Ann Brocklesby, Fay Bromfield, Jane Lucas, Emma Bryn, Meirion Howells, Paul Griffiths, Jackie Strong, Rachel Garrick, Steven Garratt, Angela Sandles, Ben Callard, John Crook, Tomos Davies, Dale Rooke, Jayne McKenna, Jill Bond, Louise Brown, Lisa Dymock, Tony Easson, Christopher Edwards, Martyn Groucutt, Simon Howarth, Richard John, David Jones, Penny Jones, Malcolm Lane, Phil Murphy, M. Newell, Paul Pavia, Maureen Powell, Frances Taylor, Tudor Thomas, Armand Watts and Ann Webb

OFFICERS IN ATTENDANCE:

Peter Davies	Acting Chief Executive
Jonathan Davies	Head of Finance
Jane Rodgers	Chief Officer for Social Care, Safeguarding and Health
Will McLean	Chief Officer for Children and Young People
Ian Saunders	Chief Officer Customer, Culture and Wellbeing.
Wendy Barnard	Democratic Services Officer
James Williams	Chief Officer Law & Governance
Deb Hill-Howells	Head of Decarbonisation, Transport and Support Services
Craig O'Connor	Chief Officer, Place

APOLOGIES:

County Councillors Maria Stevens and Sue Riley

1. Declarations of Interest

Item 6b Gwent Regional Partnership Board Area Plan: County Councillor Penny Jones declared a personal, non-prejudicial interest as an Independent Member of the Aneurin Bevan University Health Board.

2. Chair's Announcement

The Chair's Announcement was noted.

<https://www.youtube.com/live/Ru03XKYkCnE?si=O4h55z61vQyCCVFW&t=103>

3. Public Questions

<https://www.youtube.com/live/Ru03XKYkCnE?si=dWktAaOO8T6O5kBn&t=105>

4. Submitted by Justine Johnson to Catrin Maby, Cabinet Member for Climate Change and the Environment

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held at Council Chamber - Council Chamber on Thursday, 23rd January, 2025 at 2.00 pm

<https://www.youtube.com/live/Ru03XKYkCnE?si=KGTa4dr9WdOsU8-O&t=597>

Justine Johnson, representing residents of Goldwire Lane, Monmouth, was welcomed to the meeting by the Chair. She provided a handout to councillors regarding residents' concerns about the about flooding, the validity of the Experimental Traffic Regulation Order (ETRO) and lack of consultation with the wider affected community.

She asked: "Under what criteria is the ETRO on Goldwire Lane being assessed and will the results be made available to residents and the public for full consultation and consideration before a decision is made on Goldwire Lanes' future".

The Cabinet Member for Climate Change and the Environment responded:

- An explanation is on the County Council website. The Council will monitor the effect of the order on the nearby highway network and the section of Goldwire Lane that is subject to the order from 25th October 2024 for up to 18 months. There will be an assessment of the effect on Highway users, including but not limited to, those who drive, walk, cycle, and scoot. After 6 months, the Council will review the effect on the adjacent Highway network. If the effect is not disproportionate, a permanent order will be made.
- Regarding consultation, residents of the section of the lane subject to the order were consulted in advance with letters delivered by hand. No objections were made. Consultation is currently open throughout the six-month period and residents can submit comments in writing.
- With the order in place, anyone who drives down the section of Goldwire Lane in question, without a legitimate reason for access to the properties, will be in contravention of the Road Traffic Regulation Act 1984.
- The order was prompted by a request from residents for something to be done about the dangers from cars using this road as a shortcut and confirmed in the letter signed by 11 residents> Further discussion with residents and the Police identified that there are three ways in which vehicles use Goldwire Lane as a shortcut. There is an adequate and clearly marked alternative route for cars via Somerset Rd. which is a road of normal width with pavements.
- This section of Goldwire Lane is the only direct route for pedestrians into town, used by children going to school, people with prams, mobility scooters, elderly people with walking frames or sticks. There is sheltered housing and residential streets from where people use the route across the bridge to walk into town, to schools, etc. There have been several near misses and minor accidents involving cars and other users.
- The priority is road safety for everyone.

5. Submitted by Jonty Pearce to County Councillor Paul Griffiths, Deputy Leader and Cabinet Member for Planning and Economy

<https://www.youtube.com/live/Ru03XKYkCnE?si=3eMUQpQfYQXe2nkd&t=129>

The Chair welcomed Mr. Jonty Pearce to the meeting. Mr. Pearce provided a pack for councillors and asked how the Council would respond to objections from organisations about the inclusion of the development of Dixon Rd, Monmouth in the Replacement Local Development Plan (RDLP).

1. CADW said it will bring modern dense development much closer and will be clearly visible, adding that it will have an unacceptably damaging effect upon the settings of the Scheduled Ancient Monument and the Dixon Conservation Area.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held at Council Chamber - Council Chamber on Thursday, 23rd January, 2025 at 2.00 pm

2. The Wye Valley Area of Outstanding Natural Beauty (AONB) objected that allocation HA4 made no reference to the Wye Valley National Landscape and its location within the landscape setting, adding that the development of the site would impact the picturesque, extensive and dramatic views from Offa's Dyke Path and the Kymin. The Wye Valley AONB added that there is insufficient evidence that the National Landscape has been considered and evidenced in adding land at Leasbrook as a strategic allocated site in the AONB in the RLDP.
3. National Resources Wales reminded the Council that its own landscape sensitivity report of 2020 said that building on the Dixton Rd. site would be highly undesirable.
4. Council was reminded that it had removed key protections for the endangered greater horseshoe bats from the RLDP. Consequently, Monmouth Town Council voted unanimously to raise 7 objections to the Dixton Rd. Development, including concerns about the development within the sight line and core sustenance zone for the bats. Gwent Wildlife Trust said that it could potentially impact the integrity of the special area of conservation and that the proposals may not be suitable. Natural Resources Wales refuted the claims in the Habitat Regulations Assessment (HRA), which said there would be no adverse effect on the bats.

Deputy Leader and Cabinet Member for Planning and Economic Development, responded that he is aware that the deposit plan for the RLDP includes the site at Dixton Rd. Monmouth and noted that a full public consultation on the RLDP took place at the end of last year. All responses will be reported to Council with his review of those responses in due course. Several of the comments made are responses made to the consultation that are under review. Council will receive a response to those points at that time.

Where sites have been included in the RDLP, potential developers are preparing for the situation where they may be included in a future approved plan and as part of that preparation, they are asking if an application on a particular site would require an environmental impact assessment; such a question takes the form of a formal request to the local planning authority which would consult relevant statutory consultees on the requirement for an environmental impact assessment.

Upon enquiry regarding the need for an environmental impact assessment, CADW and Wye Valley National Landscape listed reasons, not necessarily opposing the inclusion of a site.

The Council's Development Management Team has made public the decision that, based on the evidence, the submissions of such bodies and the statutory criteria, an environmental impact assessment will be required. That is not particular to this site as the same process has been applied to strategic sites in Chepstow, and the same conclusion has been published. These decisions provide evidence of the Council's commitment to uphold environmental protections and maintain full regard for the environmental impact of development proposals within the RLDP.

6. To confirm the minutes of the meeting held on the 12th December 2024

[Thttps://www.youtube.com/live/Ru03XKYkCnE?si=zmP3JPqvPZIFbJvR&t=965](https://www.youtube.com/live/Ru03XKYkCnE?si=zmP3JPqvPZIFbJvR&t=965)

MONMOUTHSHIRE COUNTY COUNCIL

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7. Reports to Council

Council resolved to accept the minutes as an accurate record of the meeting held on 12th December 2024.

8. Council Tax Reduction Scheme 2025/26

The Cabinet Member for Resources presented the report entitled Council Tax Reduction Scheme 2025/26 for Members to consider.

The scheme, fully funded by Welsh Government, seeks to help thousands on low income pay, their council tax, the Council Tax Reduction scheme is a means tested benefit which can cover up to 100% of a household's Council tax.

Upon being put to a vote Council resolved to accept the recommendations:

1. To note the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") 2013 by the Welsh Government on 26 November 2013; and
2. To adopt the provisions within the Regulations above ("the Prescribed Requirements Regulations") and any 'annual uprating regulations' in respect of its Scheme for the financial year 2025/26 including the discretionary elements previously approved as the Council's local scheme from 1st April 2024.

<https://www.youtube.com/live/Ru03XKYkCnE?si=h4NKnwVqzzH7qwOb&t=985>

9. Gwent Regional Partnership Board (RPB) Area Plan and RPB Annual Report 23/24

The Cabinet Member for Social Care, Safeguarding and Health presented the report to update Members on the work of the Gwent Regional Partnership Board (RPB) in fulfilling local authority statutory duties required under the Social Services and Wellbeing (Wales) Act 2014, presenting the:

- Regional Area Plan 2023-2027, and
- RPB Annual report 2023/2024

(County Councillor Armand Watts left at 14.38)

The Head of the Gwent Regional Partnership Team provided additional information about the Population Needs Assessment confirming that there is regular public engagement. The question of access to equality and justice will be referred to the Public Services Board. It was confirmed that efforts are being made to promote the Disables Facilities Grant.

Council resolved to note and approve the recommendations:

1. To consider the joint commitments within the Area Plan, and;
2. To ensure that Members have the opportunity to review the RPB Annual Report and progress made against the objectives; and provide any feedback/comments.

<https://www.youtube.com/live/Ru03XKYkCnE?si=4AjGy5Zmo3YjrbBY&t=1323>

10. Council Diary 2025/26

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held at Council Chamber - Council Chamber on Thursday, 23rd January, 2025 at 2.00 pm

The Cabinet Member for Equalities and Engagement presented the report in order for Council to approve the diary of meetings for 2025/26.

Upon being put to a vote Council resolved to accept the recommendation:

That the diary of meetings for 2025/26, as attached, be approved

<https://www.youtube.com/live/Ru03XKYkCnE?si=ltFJm05RlqU3pbv6&t=2570>

11. **Motions**

12. **Submitted by County Councillor Richard John**

County Councillor Richard John presented the motion:

This Council:

Regrets that Monmouthshire, the lowest funded council in Wales, has again received from Welsh Government the lowest increase in funding of any council in Wales.

Notes with concern that, under this administration, council tax is rising at more than double the rate of inflation and the council still forecasts an overspend of over £5million in 2024-25 and its five year forecast shows a shortfall of £35million.

Expresses concern about the administration's capacity to fund essential services in 2025-26.

Supports the administration's regularly repeated statement that "radical change to the council's operating model" is required and instructs the administration to urgently bring this forward.

A request to alter the motion was declined.

The motion was seconded by County Councillor Alistair Neill.

Upon being put to the vote, the following votes were recorded:

In favour of the motion - 23

Against the motion - 20

Abstentions - 0

The motion was carried.

<https://www.youtube.com/live/Ru03XKYkCnE?si=Qh-O2KBygU7EWTMK&t=2848>

Monmouthshire County Council

NAME	For	Against	Abstain
Councillor J BOND		X	
Councillor M A BROCKLESBY		X	
Councillor F BROMFIELD	X		
Councillor L BROWN	X		

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of County Council held
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Councillor E BRYN	X		
Councillor R BUCKLER	X		
Councillor S BURCH		X	
Councillor J BUTLER	X		
Councillor B CALLARD		X	
Councillor I CHANDLER		X	
Councillor J CROOK		X	
Councillor T DAVIES	X		
Councillor L DYMOCK	X		
Councillor A EASSON		X	
Councillor C EDWARDS	X		
Councillor S GARRATT		X	
Councillor R GARRICK		X	
Councillor P GRIFFITHS		X	
Councillor M GROUCUTT		X	
Councillor S.G.M. Howarth	X		
Councillor M HOWELLS		X	
Councillor R JOHN	X		
Councillor D. W. H. Jones	X		
Councillor P. Jones	X		
Councillor T KEAR	X		
Councillor M LANE	X		
Councillor J LUCAS	X		
Councillor C MABY		X	
Councillor S MCCONNELL		X	
Councillor J MCKENNA	X		
Councillor P MURPHY	X		
Councillor A NEILL	X		
Councillor M NEWELL	X		
Councillor P PAVIA	X		
Councillor M POWELL	X		
Councillor S RILEY Apologies			
Councillor D ROOKE		X	
Councillor A SANDLES		X	
Councillor M STEVENS Apologies			
Councillor J STRONG		X	
Councillor P STRONG		X	
Councillor F TAYLOR	X		
Councillor T THOMAS		X	
Councillor A WATTS Apologies			
Councillor A WEBB	X		
Councillor L WRIGHT		X	

13. Members Questions:

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14. County Councillor Laura Wright to County Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services

"Brew Monday" is this month, encouraging us all to catch up and connect with others to support our mental health. Will the cabinet member please tell us what MCC is doing to support mental health and wellbeing for our residents, council staff and elected members.

The Cabinet Member for Social Care, Safeguarding and Accessible Health Services highlighted the importance of nurturing mental health and wellbeing remarking that the building blocks are likely to include meaningful connections with others, doing things you enjoy, giving back, staying as active as possible, keeping on learning and staying connected with nature.

The Council aims to ensure people have access to good advice early on how to maintain good mental and physical health, how to reduce loneliness and isolation. The Community Development Teams work closely with the third sector to ensure a vibrant community-based wellbeing offer across the county. Community-based link workers are in community hubs and GP services to help the more vulnerable to access community support services and to support mental health and wellbeing.

(County Councillor Rachel Buckler left at 16.17)

The Be Community Service ensure there are a range of volunteering opportunities. Volunteering has been shown to help maintain positive wellbeing whilst helping others. Work is taking place to bring together community-based groups and services to have community conversations to ensure that those who may need more formal care and support are proactively linked to the support they need to promote wellbeing and independence.

Supporting wellbeing is a cross-directorate activity with Leisure, Youth, Culture and Heritage amongst others playing a role.

Providing wellbeing support in the workforce is also a priority. The Hub contains financial and wellbeing support information signposting staff to Connect 5 and Melo (also available to residents). There is a GoTo Group and a Menopause Café to provide peer support. Staff and elected members can access wellbeing support through the occupational health service, the Phillips wellbeing service and through links to Benenden Health. January is recognised as a particularly hard time of year for a lot of people and specific communications have been released directing people to support on Brew Monday, highlighting available support.

Responding to a supplementary question from County Councillor Wright, the Cabinet Member committed to explore if the Centre for Mental Health's Local Government Mental Health Challenge, or a suitable Welsh alternative, would be appropriate for Monmouthshire. The Cabinet Member also committed to discussing with colleagues the suggestion of a Mental Health Champion.

<https://www.youtube.com/live/Ru03XKYkCnE?si=bmlqG7S1szcYJv8h&t=8035>

15. County Councillor Laura Wright to County Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services

Can the cabinet member please provide an update on the future of the Tudor Street building in Abergavenny?

The Cabinet Member for Social Care, Safeguarding and Accessible Health Services responded with the good news that The Gathering Community Group was recently awarded charity status

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and has signed a 12 month lease on the Tudor St. building; with the keys handed over last week.

The Council assisted in establishing the formal organisation, developing a business case and granting permission to use the Wellbeing Information Centre for two days a week over the past year.

The Gathering welcomes more volunteers, fund raisers, trustees and is specifically seeking a Treasurer. The Cabinet Member invited those expressing interest to view The Gathering's Facebook page. It was noted that the Cabinet Member, several other councillors and town councillors attended the AGM earlier this week where lots of offers of help were made.

County Councillor Laura Wright asked a supplementary question about continued support that could be offered to The Gathering by the Council.

The Cabinet Member provided assurance of continued support from the Community Development Team. There will be a rental reduction in acknowledgement of the renovation work being undertaken. It is planned that activities will be start in 6 weeks. The Gathering welcomes offers from people to run activities on a regular or one-off basis.

The Cabinet Member was pleased that there will be a new community-based provision for vulnerable adults in the Abergavenny area and congratulated The Gathering wishing them well for the coming year.

<https://www.youtube.com/live/Ru03XKYkCnE?si=9pDnC8JWBk3VSUpK&t=8488>

(County Councillor Jackie Strong left at 16.30)

16. County Councillor Paul Pavia to County Councillor Paul Griffiths, Deputy Leader and Cabinet Member for Planning and Economy

Will the Cabinet Member provide an update on what the Council is doing to enforce parking restrictions on High Street in Chepstow?

The Deputy Leader and Cabinet Member for Planning and Economic Development responded

Responsibility for parking enforcement was transferred from the Police to local authorities by the last government. Local authorities were not given capacity to fulfil the role.

It was reported that there is enforcement on Chepstow High St. In 2024, 7 parking enforcement notices were issued. It is recognised that signage is not good and Chepstow Town Council has agreed that the signage should be complemented by double yellow lines. Current restrictions allow loading and unloading. Enforcement officers must judge the activity being undertaken by a parked vehicle and will generally allow 5 minutes grace between identification and issuing a notice to allow the motorist time to leave.

Maintaining adequate staffing levels in the Enforcement Team has been challenging since the transfer of the responsibility. Enforcement will be considered during the Parking Review currently in progress. Council will consider the conclusions of the review when completed.

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County Councillor Pavia asked a supplementary question requesting that the Cabinet Member examines the enforcement capacity as part of the wider review and look to deploy operatives across all the towns, but particularly Chepstow to clamp down on such antisocial behaviour.

The Cabinet Member agreed to work through the review to ensure that enforcement is as effective as possible. It was noted that the conditions in Chepstow are not unique and occur throughout the county

<https://www.youtube.com/live/Ru03XKYkCnE?si=fe9P4pEy6fdPmjc4&t=8770>

(County Councillor Mary Ann Brocklesby left the meeting at 16.34)

17. County Councillor Lisa Dymock to County Councillor Catrin Maby, Cabinet Member for Climate Change and the Environment

Please can the cabinet member provide a detailed explanation of the one-way system proposals for Crick Road specifically, can you outline the direction of traffic flow, whether the road will be resurfaced as part of the project, and if there are plans to include a dedicated cycle route or other improvements to pedestrian and cyclist safety and how long this work will take?

The Cabinet Member for Climate Change and the Environment responded:

The Crick Rd Safer Routes in Communities Scheme will provide a 2.5m shared footway and cycleway from the junction of the new residential development to the entry point into Archbishop Rowan Williams Church in Wales Voluntary Aided School. As a consequence of the widened footway, a new one-way traffic system will be introduced with the direction of travel being from Portskewett towards the B4245. The one-way system will start at the north western side of the Treetops junction and will finish approximately 38m southeast of the junction with the new development. The works should be completed by the end of the financial year.

The developer has been contacted to carry out carriageway resurfacing works as part of improvement works. Officers will keep County Councillor Dymock updated on progress. A site visit with the relevant Highways Team may be beneficial.

Councillor Dymock asked if updates could be provided via the MyMonmouthshire App.

<https://www.youtube.com/live/Ru03XKYkCnE?si=qkNyNAiuO6dJGa6V&t=9098>

18. County Councillor Lisa Dymock to County Councillor Catrin Maby, Cabinet Member for Climate Change and the Environment

Have the changes in garden waste collections effected the number of collections some areas have received?

The Cabinet Member for Climate Change and the Environment responded that there were changes to collection days as a consequence of the change to polypropylene bags requiring changes from week 1 to week 2 and vice versa. As a result, some customers (maximum 1421) missed one week of garden waste collection. Efforts have been made to mitigate any negative impact by taking extra waste at the next collection. Additionally, an additional collection was arranged for Christmas trees and leaf fall. The changes were implemented as late as possible in the gardening season to limit the numbers impacted.

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Asking a supplementary question, County Councillor Dymock noted that residents are paying a significant fee and expect to receive the full number of collections. Whilst understanding the extra Christmas tree collections, the perception is that missed collections represent a loss of value for money. Unavoidable disruptions must be clearly communicated with practical solutions in advance. Councillor Dymock asked if consideration could be given to provision of an additional collection for the residents affected.

The Cabinet Member responded that this has been done by providing the Christmas tree and leaf fall collection. At £55 per annum, each collection costs £2.62. One week less would be £2.75 per collection. The nuisance of an accumulation of garden waste is recognised but it would be expensive and difficult to provide an additional single collection because it is organised in combination with other refuse collection.

<https://www.youtube.com/live/Ru03XKYkCnE?si=LshPQGc6qtflcJS2&t=9314>

19. County Councillor Lisa Dymock to County Councillor Angela Sandles, Cabinet Member for Equalities and Engagement

It's been nearly 6 months since the council conducted the raid and seized 71 dogs at Lost Souls Sanctuary. This matter is still of significant concern to members of the public and many are seeking welfare on the dogs and clarity on the resource allocated, please could the cabinet member confirm the total costs incurred to date for the investigation, operation (raid), ongoing shelter of seized dogs and legal representation associated to this case?

The Cabinet Member for Equalities and Engagement acknowledged the public interest in this question noting that it is over 17 months since the operation was carried out. It was confirmed that this matter remains the subject of criminal proceedings and is scheduled for trial in August 2025. It is therefore inappropriate to comment further until the legal proceedings have concluded.

As a supplementary question, County Councillor Dymock requested an update on the current welfare status of the dogs seized and how many have been domestically rehomed and plans for those not rehomed. The Cabinet Member was unable to provide any information due to the current legal proceedings.

<https://www.youtube.com/live/Ru03XKYkCnE?si=2LOiUWLM7u2CL52k&t=9519>

(County Councillor Frances Taylor left at 16.45)

20. County Councillor Louise Brown to County Councillor Catrin Maby, Cabinet Member for Climate Change and the Environment

Please can you provide an update on improvements to High Beech roundabout including nearby land at Mounton Road?

The Deputy Leader and Cabinet Member for Planning and Economic Development answered the question:

A Welsh Transport Appraisal Guidance (WeITAG) Study on the High Beech Roundabout has commenced, an interim report issued and further work commissioned by the study team. As conclusions emerge, these will be shared with Council and County Councillor Brown.

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County Councillor Brown was concerned that local County Councillors are not involved in these meetings. Transition Chepstow is involved but may not have the same local knowledge as elected members. In a supplementary question Councillor Brown asked if the Cabinet Member recognised the need for action on significant improvements at High Beech Roundabout stating that it is the Welsh Government's responsibility to resolve. The traffic queues affect commuters and local residents at different and unpredictable times.

The Cabinet Member explained that public engagement with the process is primarily regarded as a professional process. It is important that resident groups in Chepstow such as Transition Chepstow and local elected members are made aware of the analysis and conclusions when available.

<https://www.youtube.com/live/Ru03XKYkCnE?si=Gxq9Xp26Kxxbgaw2&t=9641>

21. County Councillor Penny Jones to County Councillor Angela Sandles, Cabinet Member for Equalities and Engagement

In light of the recent proposals of the Democracy and Boundary Commission Cymru (DBCC) consultation relating to the 2026 Review of Senedd Constituencies, how can the residents of Monmouthshire be assured that this administration is working on their behalf to maintain the identity of Monmouthshire and all that that embodies?

The Cabinet Member for Equalities and Engagement explained that the Democracy and Boundary Commission for Wales has the responsibility for undertaking the review of Senedd Constituencies ahead of the 2026 election. The Commission is restricted by guidance from Welsh Government in how it can conduct the review and it is limited to combining the existing 32 UK Parliamentary Constituencies in Wales into 16 new Senedd constituencies. Given that restriction and the geography of Monmouthshire as a boundary County, there are limited viable options that could be put forward. The Commission has proposed that the Monmouthshire Constituency be combined with the Torfaen Constituency with the constituency being named Mynwy Torfaen. This proposal retains the whole of the County of Monmouthshire remaining together within a single constituency rather than being split between constituencies as was the case previously. The proposals being put forward are for the 2026 election only and the Commission will be tasked with a further review ahead of the 2030 election which may remove the restrictions on using UK Parliamentary boundaries and may have a more significant impact on the County as a whole.

As a supplementary question, County Councillor Penny Jones asked if the Cabinet Member could give feedback to make clear that County Councillors were not made directly aware of the consultation and to ensure that the Monmouthshire name is retained bilingually in name changes.

The Cabinet Member responded that in relation to the current review a response has been submitted to the Commission as part of its consultation recommending a name change from Mynwy Torfaen to Sir Fynwy Torfaen. This proposal better reflects the County of Monmouthshire rather than locality of Monmouth but it will be for the Commission to consider whether to adopt this change when it publishes its final proposals. All members, political groups and political parties were able to respond to the consultation process with any alternative ideas that fall within the restrictions placed upon the Commission that could be put forward for future constituencies.

<https://www.youtube.com/live/Ru03XKYkCnE?si=iPjP85C-aYzqeQik&t=9921>

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22. County Councillor Christopher Edwards to County Councillor Martyn Groucutt, Cabinet Member for Education

Could the Cabinet Member for Education inform council of any proposed future investment the current administration intends to make in both Chepstow School and The Dell Primary School.

The Cabinet Member for Education recalled that the groundwork and business case development for the King Henry VIII 3-19 school once Monmouth Comprehensive School was completed and was delighted that on the 11th April the keys will be handed over to the Council.

Whilst there was every intention of commencing the early stages of the Chepstow project alongside the King Henry VIII project, this hasn't been possible due to the resources in the Sustainable Communities for Learning Team. Resources have been focussed on completing the King Henry VIII School. Work is in progress to remodel the nursery at Trellech Primary School and the former Mounton House staff house which will accommodate part of the Pupil Referral Service also the successful establishment of Ysgol Gymraeg Trefynwy in Monmouth.

Work has been undertaken to red line the Chepstow School site by external architects in order to determine what provision can be accommodated on the school and leisure centre site. It was confirmed that the Sustainable Communities for Learning rolling programme has been submitted to the Welsh Government in draft and the Chepstow School project is included as the priority project for the nine-year rolling programme.

The Cabinet Member mentioned that a few months ago, he was invited to Chepstow School to hear a presentation from pupils about their hopes and ideas for their school moving forward.

The high-level programme will be discussed by Cabinet in the coming months and further work will then be undertaken to look at the Chepstow cluster as a whole and develop more detailed proposals.

In a supplementary question, County Councillor Edwards, noted that work is required at Chepstow School to provide a modern environment to stimulate learning and inspire both staff and students. Councillor Edwards asked the Cabinet Member to reassure Council that the scale of investment in the fabric of buildings and classrooms as they currently are, is more than adequate and not simply biding time in the hope that Chepstow School will finally get the opportunity for major school investment.

The Cabinet Member added to his previous answer determining that Chepstow is the priority in the nine-year programme. Officer meetings have been held to look at existing education provision within the Chepstow area. A meeting has been held between the Cabinet Member, the Deputy Leader and Cabinet Member for Planning and Economic Development, the Chief Officer for Learning, Skills and Education, the Sustainable Communities for Learning Manager and the Chepstow Cluster Headteachers. The Sustainable Communities for Learning Manager and Project Officer have met with Stride Treglown Architects and Icon to consider the scope and outcome of feasibility work that has been undertaken on the Chepstow School site.

<https://www.youtube.com/live/Ru03XKYkCnE?si=zvCwFglyqgWZJoe3&t=10187>

23. From County Councillor Christopher Edwards to County Councillor Martyn Groucutt, Cabinet Member for Education

Could the Cabinet Member for Education inform council of what internal and external meetings have been held in this council term in relation to the council's Chepstow School submission as

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part of the Sustainable Communities for Learning Programme, which replaced the 21st Century Schools initiative; and what progress has been made to date.

As the question had been partially answered in the previous question, County Councillor Edwards referred to the change from 21st Century Schools to the Sustainable Communities for Learning Programme and the need to resubmit the Council's programme by March 2024. He asked the supplementary question "As the new King Henry VIII School is about to open, what went wrong and is going wrong with Chepstow School's application. Referring to the decision to end the policy of any council assets that are sold being allocated to future school building projects - how will it be financed?"

The Cabinet Member for Education responded that the King Henry VIII project is on time and on budget. Regarding Chepstow School, the Cabinet Member undertook to provide a written response to County Councillor Edwards.

<https://www.youtube.com/live/Ru03XKYkCnE?si=1ZLIQ1Erk7arTphA&t=10674>

(County Councillor Ann Webb left at 16.53, County Councillor Jill Bond left at 16.58 and County Councillor Dale Rooke left at 17.03)

24. From County Councillor Jan Butler to County Councillor Martyn Groucutt, Cabinet Member for Education

Could the cabinet member for Education comment on the situation as regards school transport for students attending King Henry School from Penperlleni and Goytre Fawr.

The Cabinet Member for Education responded that secondary learners travelling from Goytre and Penperlleni to King Henry VIII Comprehensive School are allocated to the 23 Stagecoach public service bus. A number of complaints were received in the Autumn Term about the punctuality of this service and following discussions with the operator the timetable has been amended to better meet the needs of the learners,

There were a number of issues which included poor communication of the timetable changes by the operator and delays associated with the use of alternative routes due to flooding. It is understood that the timetable issues have been resolved however the Council will continue to work with the operator and respond to issues as they arise. 27 learners are allocated to this route and is in line with the published home to school transport policy of maximising use of public bus services as it reduces the number of traffic movements, carbon emission and supports the viability of rural public bus services. Complaints about public bus services are managed by the Public- Transport Planning Manager and Team. All complaints are investigated and, where possible, changes to timetables will be implemented. Operators have been advised that the highest priority is to be given to trips taking learners to school.

A service starting in September was not performing as intended resulting in delays to learners travelling to and from school. The school had adjusted its timetable, affecting the bus service and the complaints that had been justified have been mitigated. The Public Transport Team had not been made aware of the changes to the school timetable and the school and bus timetables are now reconciled.

County Councillor Butler asked a supplementary question about measures to ensure continuation of the bus service due to increasing road closures north of Llanellen due to flooding and how viable the route is likely to be as there are more storms causing issues for residents.

The Cabinet Member acknowledged that the A4042 is subject to frequent flooding at Llanellen despite drainage works by Welsh Government.

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(County Councillor Tudor Thomas left at 17.07)

<https://www.youtube.com/live/Ru03XKYkCnE?si=WY7-gL9kRJlIP17p&t=10914>

25. From County Councillor Tony Kear to County Councillor Catrin Maby, Cabinet Member for Climate Change and Environment

Could the Cabinet Member please advise what dedicated resources are currently available to MCC for the clearing of highway drains and in light of recent flooding issues, will additional financial support be given to fund next year's programme of works?

The Cabinet Member for Climate Changes and the Environment responded that there are 24 frontline staff covering all highway duties across the whole County including emergency response and clearing drains. There are two Vactor drain machines and two sweepers to cover approximately 1600km of road and 20,000 drainage assets. Additional capitalisation grant funding in 2021 was used for dedicated drainage works and an additional Vactor drain machine that is still in operation. Main routes are prioritised with this additional resource so that other teams can focus on the remaining network.

The increased frequency of storms, a history of underfunding, and the flooding now being experienced affects our ability to be proactive. Grids, drains and culverts that are known to flood are proactively cleared, and resources, as far as possible, are focused on the areas identified in named storm announcements. The frequency of storms and intense rainfall highlight the need for additional capacity for highways operations in general. There is a need for capital investment across the UK. The Cabinet Member noted this is not exclusive to highways. Realistically, the intense rainfall is linked to climate change so fully clear drains at the start of a storm will struggle and slowly drain away.

Many of the ditches adjacent to the highways network are field ditches and should be maintained by the landowner. Soil run-off from fields is a major contributory factor in bringing debris. Changes in land management practices will be the only sustainable solution with long term associated benefits for river pollution and reduction in soil loss. Officers are supporting Welsh Government, National Resources Wales and Dwr Cymru initiatives to promote natural flood management in farmland. The importance of working with the Usk and Wye partnerships is highlighted.

In a supplementary question, County Councillor Kear asked if officers can drill down to discover the extent of the backlog of MyMonmouthshire requests to clear drains is so elected members can be realistic when advising residents. How many drains are being cleared in a reactionary manner or in a proactive approach. Elected Members are aware of hotspots that should be cleared on a regular basis that are not. Is there a system to look at these hotspots?

The Cabinet Member responded that there are so many ditches and spots around Monmouthshire, it is difficult to answer the question. The interaction of land and highways drainage is being discussed in detail in the Usk and Wye partnerships. A study by the Wye and Usk Foundation estimated that 80% of the water storage in the upper Usk catchment is in soils.

<https://www.youtube.com/live/Ru03XKYkCnE?si=J8NKPdCx44VG8be7&t=11344>

The meeting ended at 5.18 pm

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REPORT

SUBJECT: COUNCIL TAX RESOLUTION and REVENUE AND CAPITAL BUDGETS FOR 2025/26

DIRECTORATE: Resources

MEETING: Council

DATE: 6th March 2025

DIVISION/WARDS AFFECTED: All

1. PURPOSE

- Page 19
- 1.1 The Council is bound by Statute to specific timescales for Council Tax setting and is also required to make certain defined resolutions. The recommendations that form a major part of this report are designed to comply with those Statutory Provisions.
 - 1.2 The recommended resolutions also draw together the Council Tax implications of precepts proposed by the Office of Police and Crime Commissioner for Gwent and Town and Community Councils, thereby enabling the County Council to establish its headline Council Tax levels at the various property bands within each Town or Community area.

2. RECOMMENDATIONS

- 2.1 That the outcome of the final Local Government Settlement from Welsh Government is noted.
- 2.2 That the revenue and capital budget estimates for the year 2025/26 as attached in Appendix 1 to 3 be approved.
- 2.3 It be noted that, at its meeting on 5th March 2025, Cabinet calculated the amounts set out below for the year 2025/26 in accordance with sections 32 and 33 of the Local Government Finance Act 1992 ("the Act").

For information, sections 32 and 33 of the 1992 Act have been extensively amended by Schedule 12 to the [Local Government \(Wales\) Act 1994](#). Both are further amended by the [Local Authorities \(Alteration of Requisite Calculations\) \(Wales\) Regulations 2002](#) (the

“2002 regulations”) and the [Local Authorities \(Alteration of Requisite Calculations\) \(Wales\) Regulations 2013](#). Section 33 is further amended by the [Local Government Reorganisation \(Calculation of Basic Amount of Council Tax\) \(Wales\) Order 1996](#).

The calculated amounts also take account of the conclusion of the boundary review for the county, which came into effect in 2022/23. Full details are contained within [The Monmouthshire \(Communities\) Order 2021 \(legislation.gov.uk\)](#).

All necessary legislative and statutory amendments have been considered in calculating the following amounts: -

- (a) 48,566.96 being the amount calculated by the Council, in accordance with Section 33 of the Act and The Regulations (as amended by Regulations 1999 no. 2935), as its Council Tax base for the year;
- (b) Part of the Council’s Area, being the amounts calculated by the Council, in accordance with Section 34 of the Act, as the amounts of its Council Tax base for the year for dwellings in those parts of the area to which one or more special items relate:

Community	Council Tax Base for 2025/26	Community	Council Tax Base for 2025/26
Abergavenny	5,231.46	Llantrissant Fawr	556.30
Caerwent	1,182.23	Magor with Undy	3,043.56
Caldicot	4,161.00	Mathern	599.75
Chepstow	5,972.37	Mitchell Troy	921.91
Crucorney	761.84	Monmouth	5,532.32
Devauden	742.01	Portskewett	1,354.11
Gobion Fawr	757.64	Raglan	1,153.91
Goetre Fawr	1,219.48	Rogiet	782.22
Grosmont	438.73	Shirenewton	764.68
Llanarth	541.90	St. Arvans	457.19
Llanbadoc	742.66	Skenfrith	429.07
Llanelly	2,047.66	Trellech	1,523.20
Llanfoist Fawr	1,968.27	Usk	1,419.60
Llangybi	875.43	Whitecastle	867.96
Llantillio Pertholey	1,840.70	Wye Valley	677.80
		Total	48,566.96

It is recommended that Council resolves:

- 2.4 That the following amounts be now calculated by the Council for the year 2025/26 in accordance with Sections 32 to 36 of the Act and sections 47 and 49 of the [Local Government Finance Act 1988](#) (as amended):
- (a) £227,513,776 being the aggregate of the amounts the Council estimates for the items set out in Section 32(2) (a) to (d) of the Act less the aggregate of the amounts the Council estimates for the items set out in Section 32 (3) (a) and (c) of the Act calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year
 - (b) £135,248,459 being the aggregate of the sums which the Council estimates will be payable for the year into its Council fund in respect of redistributed non-domestic rates and revenue support grant in accordance with Section 33 (3)
 - (c) £6,000 being the cost to the authority of discretionary non-domestic rate relief anticipated to be granted (under sections 47 and 49 of the [Local Government Finance Act 1988](#) , as amended)
 - (d) £1,899.88 being the amount at 2.4(a) and 2.4(c) above less the amount at 2.4(b) above, all divided by the amount at 2.3(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year
 - (e) £3,963,956 being the aggregate amount of all special items referred to in Section 34 of the Act (Town and Community Precepts)
 - (f) £1,818.26 being the amount at 2.4(d) above less the result given by dividing the amount at 2.4(e) above by the amount at 2.3(a) above calculated by the Council in accordance with Section 34(2) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which no special item relates.
 - (g) Part of the Council's Area, being the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amounts at 2.3(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate:

Community Council	Precept Band D Equivalent £'s	Community Council	Precept Band D Equivalent £'s
Abergavenny	125.53	Llantrissant Fawr	41.25
Caerwent	46.88	Magor with Undy	115.00
Caldicot	118.20	Mathern	40.42
Chepstow	130.75	Mitchell Troy	18.44
Crucorney	22.05	Monmouth	102.76
Devauden	64.85	Portskewett	38.35
Gobion Fawr	17.82	Raglan	32.70
Goetre Fawr	40.18	Rogiet	91.41
Grosmont	79.78	Shirenewton	62.51
Llanarth	17.53	St. Arvans	52.27
Llanbadoc	37.37	Skenfrith	34.96
Llanelly	51.77	Trellech	30.45
Llanfoist Fawr	30.48	Usk	131.38
Llangybi	28.56	Whitecastle	31.64
Llantillio Pertholey	35.31	Wye Valley	47.99

- (h) The County Council Area, being the amounts given by multiplying the amount at 2.4(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Council Tax Band	A	B	C	D	E	F	G	H	I
Proportion	6	7	8	9	11	13	15	18	21
Council Tax Charge	1,212.17	1,414.20	1,616.23	1,818.26	2,222.32	2,626.38	3,030.43	3,636.52	4,242.61

- (i) Part of the Council's Area, being the amounts given by multiplying the amounts at 2.4(g) and 2.4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the

number which in that proportion is applicable to dwellings listed in valuation Band D calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands: -

County Council plus Town/Community Council

	A	B	C	D	E	F	G	H	I
Abergavenny	1,295.86	1,511.83	1,727.81	1,943.79	2,375.75	2,807.70	3,239.65	3,887.58	4,535.51
Caerwent	1,243.42	1,450.66	1,657.90	1,865.14	2,279.62	2,694.10	3,108.56	3,730.28	4,352.00
Caldicot	1,290.97	1,506.13	1,721.30	1,936.46	2,366.79	2,797.11	3,227.43	3,872.92	4,518.41
Chepstow	1,299.34	1,515.89	1,732.45	1,949.01	2,382.13	2,815.24	3,248.35	3,898.02	4,547.69
Crucorney	1,226.87	1,431.35	1,635.83	1,840.31	2,249.27	2,658.23	3,067.18	3,680.62	4,294.06
Devauden	1,255.40	1,464.64	1,673.87	1,883.11	2,301.58	2,720.05	3,138.51	3,766.22	4,393.93
Gobion Fawr	1,224.05	1,428.06	1,632.07	1,836.08	2,244.10	2,652.12	3,060.13	3,672.16	4,284.19
Goetre Fawr	1,238.96	1,445.45	1,651.95	1,858.44	2,271.43	2,684.42	3,097.40	3,716.88	4,336.36
Grosmont	1,265.36	1,476.25	1,687.15	1,898.04	2,319.83	2,741.62	3,163.40	3,796.08	4,428.76
Llanarth	1,223.86	1,427.83	1,631.81	1,835.79	2,243.75	2,651.70	3,059.65	3,671.58	4,283.51
Llanbadoc	1,237.08	1,443.27	1,649.45	1,855.63	2,267.99	2,680.36	3,092.71	3,711.26	4,329.81
Llanelly	1,246.68	1,454.47	1,662.25	1,870.03	2,285.59	2,701.16	3,116.71	3,740.06	4,363.41
Llanfoist Fawr	1,232.49	1,437.91	1,643.32	1,848.74	2,259.57	2,670.41	3,081.23	3,697.48	4,313.73
Llangybi	1,231.21	1,436.41	1,641.62	1,846.82	2,257.23	2,667.63	3,078.03	3,693.64	4,309.25
Llantillio Pertholey	1,235.71	1,441.66	1,647.62	1,853.57	2,265.48	2,677.38	3,089.28	3,707.14	4,325.00
Llantrissant Fawr	1,239.67	1,446.28	1,652.90	1,859.51	2,272.74	2,685.96	3,099.18	3,719.02	4,338.86
Magor with Undy	1,288.84	1,503.64	1,718.45	1,933.26	2,362.88	2,792.49	3,222.10	3,866.52	4,510.94
Mathern	1,239.12	1,445.64	1,652.16	1,858.68	2,271.72	2,684.76	3,097.80	3,717.36	4,336.92
Mitchell Troy	1,224.46	1,428.54	1,632.62	1,836.70	2,244.86	2,653.02	3,061.16	3,673.40	4,285.64
Monmouth	1,280.68	1,494.12	1,707.57	1,921.02	2,347.92	2,774.81	3,201.70	3,842.04	4,482.38
Portskewett	1,237.74	1,444.03	1,650.32	1,856.61	2,269.19	2,681.77	3,094.35	3,713.22	4,332.09
Raglan	1,233.97	1,439.63	1,645.30	1,850.96	2,262.29	2,673.61	3,084.93	3,701.92	4,318.91
Rogiet	1,273.11	1,485.30	1,697.48	1,909.67	2,334.04	2,758.42	3,182.78	3,819.34	4,455.90
Shirenewton	1,253.84	1,462.82	1,671.79	1,880.77	2,298.72	2,716.67	3,134.61	3,761.54	4,388.47
St. Arvans	1,247.02	1,454.85	1,662.69	1,870.53	2,286.21	2,701.88	3,117.55	3,741.06	4,364.57
Skenfrith	1,235.48	1,441.39	1,647.31	1,853.22	2,265.05	2,676.88	3,088.70	3,706.44	4,324.18

Trellech	1,232.47	1,437.88	1,643.30	1,848.71	2,259.54	2,670.36	3,081.18	3,697.42	4,313.66
Usk	1,299.76	1,516.38	1,733.01	1,949.64	2,382.90	2,816.15	3,249.40	3,899.28	4,549.16
Whitecastle	1,233.26	1,438.81	1,644.35	1,849.90	2,260.99	2,672.08	3,083.16	3,699.80	4,316.44
Wye Valley	1,244.16	1,451.53	1,658.89	1,866.25	2,280.97	2,695.70	3,110.41	3,732.50	4,354.59

2.5 That it be noted for the year 2025/26 that the Office of Police and Crime Commissioner for Gwent has proposed, pending conclusion of the full scrutiny process, the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the dwellings shown above: -

Council Tax Band	A	B	C	D	E	F	G	H	I
Proportion	6	7	8	9	11	13	15	18	21
Council Tax Charge	251.54	293.46	335.39	377.31	461.16	545.00	628.85	754.62	880.39

2.6 That, having calculated the aggregate in each case of the amounts at 2.4(i) and 2.5 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2025/26 for each of the categories of dwellings shown below: -

County Council plus Town/Community Council plus Police and Crime Commissioner

	A	B	C	D	E	F	G	H	I
Abergavenny	1,547.40	1,805.29	2,063.20	2,321.10	2,836.91	3,352.70	3,868.50	4,642.20	5,415.90
Caerwent	1,494.96	1,744.12	1,993.29	2,242.45	2,740.78	3,239.10	3,737.41	4,484.90	5,232.39
Caldicot	1,542.51	1,799.59	2,056.69	2,313.77	2,827.95	3,342.11	3,856.28	4,627.54	5,398.80
Chepstow	1,550.88	1,809.35	2,067.84	2,326.32	2,843.29	3,360.24	3,877.20	4,652.64	5,428.08
Crucorney	1,478.41	1,724.81	1,971.22	2,217.62	2,710.43	3,203.23	3,696.03	4,435.24	5,174.45
Devauden	1,506.94	1,758.10	2,009.26	2,260.42	2,762.74	3,265.05	3,767.36	4,520.84	5,274.32
Gobion Fawr	1,475.59	1,721.52	1,967.46	2,213.39	2,705.26	3,197.12	3,688.98	4,426.78	5,164.58
Goetre Fawr	1,490.50	1,738.91	1,987.34	2,235.75	2,732.59	3,229.42	3,726.25	4,471.50	5,216.75
Grosmont	1,516.90	1,769.71	2,022.54	2,275.35	2,780.99	3,286.62	3,792.25	4,550.70	5,309.15
Llanarth	1,475.40	1,721.29	1,967.20	2,213.10	2,704.91	3,196.70	3,688.50	4,426.20	5,163.90
Llanbadoc	1,488.62	1,736.73	1,984.84	2,232.94	2,729.15	3,225.36	3,721.56	4,465.88	5,210.20
Llanelly	1,498.22	1,747.93	1,997.64	2,247.34	2,746.75	3,246.16	3,745.56	4,494.68	5,243.80
Llanfoist Fawr	1,484.03	1,731.37	1,978.71	2,226.05	2,720.73	3,215.41	3,710.08	4,452.10	5,194.12
Llangybi	1,482.75	1,729.87	1,977.01	2,224.13	2,718.39	3,212.63	3,706.88	4,448.26	5,189.64
Llantillio Pertholey	1,487.25	1,735.12	1,983.01	2,230.88	2,726.64	3,222.38	3,718.13	4,461.76	5,205.39
Llantrissant Fawr	1,491.21	1,739.74	1,988.29	2,236.82	2,733.90	3,230.96	3,728.03	4,473.64	5,219.25
Magor with Undy	1,540.38	1,797.10	2,053.84	2,310.57	2,824.04	3,337.49	3,850.95	4,621.14	5,391.33
Mathern	1,490.66	1,739.10	1,987.55	2,235.99	2,732.88	3,229.76	3,726.65	4,471.98	5,217.31
Mitchell Troy	1,476.00	1,722.00	1,968.01	2,214.01	2,706.02	3,198.02	3,690.01	4,428.02	5,166.03
Monmouth	1,532.22	1,787.58	2,042.96	2,298.33	2,809.08	3,319.81	3,830.55	4,596.66	5,362.77
Portskewett	1,489.28	1,737.49	1,985.71	2,233.92	2,730.35	3,226.77	3,723.20	4,467.84	5,212.48
Raglan	1,485.51	1,733.09	1,980.69	2,228.27	2,723.45	3,218.61	3,713.78	4,456.54	5,199.30
Rogiet	1,524.65	1,778.76	2,032.87	2,286.98	2,795.20	3,303.42	3,811.63	4,573.96	5,336.29
Shirenewton	1,505.38	1,756.28	2,007.18	2,258.08	2,759.88	3,261.67	3,763.46	4,516.16	5,268.86
St. Arvans	1,498.56	1,748.31	1,998.08	2,247.84	2,747.37	3,246.88	3,746.40	4,495.68	5,244.96
Skenfrith	1,487.02	1,734.85	1,982.70	2,230.53	2,726.21	3,221.88	3,717.55	4,461.06	5,204.57
Trellech	1,484.01	1,731.34	1,978.69	2,226.02	2,720.70	3,215.36	3,710.03	4,452.04	5,194.05
Usk	1,551.30	1,809.84	2,068.40	2,326.95	2,844.06	3,361.15	3,878.25	4,653.90	5,429.55
Whitecastle	1,484.80	1,732.27	1,979.74	2,227.21	2,722.15	3,217.08	3,712.01	4,454.42	5,196.83
Wye Valley	1,495.70	1,744.99	1,994.28	2,243.56	2,742.13	3,240.70	3,739.26	4,487.12	5,234.98

- 2.7 That there will be no changes to Council Tax Premiums charged. This means that in 2025/26 Council Tax Premiums for long term empty properties will be charged at a premium rate of between 100% to 300% above the standard rate of council tax for dwellings that are defined as long term empty and have been empty for a continuous period of one year. A 100% premium applies to properties empty for one year, a 200% premium applies to properties empty for two years and a 300% premium applies to properties empty for three years or more.
- 2.8 For dwellings defined as a second home, a 100% premium above the standard rate of council tax will be charged.
- 2.9 That Mrs D Smith, Mr M Owen, Ms L Crump, Ms C Morgan, Mrs S Knight and Mr P Jones of the Revenues Shared Service be authorised under Section 223 of the Local Government Act 1972 to prosecute and appear on behalf of Monmouthshire County Council in proceedings before a Magistrates Court for the purpose of applying for Liability Orders in respect of Council Tax and Non-Domestic Rates.

3. KEY ISSUES

3.1 The final revenue and capital budgets for 2025/26 were considered by Cabinet on 5th March 2025. Welsh Government published its final budget on the 20th February 2025 and alongside it the final settlement for local authorities in Wales. The final settlement contained the following key changes:

- a) A guaranteed 3.8% funding floor for all local authorities, at a cost to Welsh Government of £8.24m. This will increase funding available to nine local authorities – Monmouthshire, Powys, Gwynedd, Vale of Glamorgan, Flintshire, Pembrokeshire, Ynys Mon Ceredigion and Conwy. Monmouthshire will benefit from further funding of £1.54m from this floor.
- b) A package of specific grant announcements totaling £70m for local government in Wales:
 - An extra £30m for childcare, which will ensure funding for the Flying Start programme to deliver childcare to two-year-olds across Wales. The hourly rate will also be increased to £6.40 an hour to further support childcare providers.
 - £30m more for social care to target delayed hospital discharges and provide more care and support in local communities to prevent people being admitted to hospital unnecessarily.
 - £5m to improve playgrounds and play facilities for children.
 - An extra £5m to support leisure centres to be more energy efficient.

- 3.2 The full details of the £70m of specific grant announcements, including individual Council funding allocations and the terms and conditions relating to use of grant is still awaited. This funding may provide an opportunity to further support service cost pressures or mitigate existing budget risks, however, at the current time is excluded from the final budget outlined in this report.
- 3.3 The key risks remaining to be assessed and managed in 2025/26 and as yet unknown are:
- The **deliverability of budget savings proposals** represents an ongoing risk for 2025/26, especially where the budget proposals involve the generation of income, changes to current structures, systems and processes, consideration of alternative delivery models or have implications for service design involving community, other partners and entities. The most recent monitoring report for this year's budget shows an anticipated 78% delivery of £10.9m of savings and therefore a resultant deficit that has needed to be managed as part of in-year budget recovery action taken.
 - **Demand for Council services remains high** and is particularly acute within social care with an increasing elderly population and increasing complexity in the required levels of care which are increasing costs significantly. The need for continued and robust monitoring is essential to ensure that there is cost control and continued efforts are made to refrain from non-essential spend.
 - **Final notification of specific grant funding streams.** There are still some specific grant streams that the Council relies upon, that have either not yet been communicated, have been received late in the budget process or where the impact of notifications is awaiting further clarification. Any funding shortfalls will need to be managed on a case-by-case basis.
 - The most significant grant risk is the Extended Producer Responsibility funding within Waste. The final award is not expected to be confirmed until the end of Summer 2025, and given this is a new funding stream, there remains risks around the quantum of funding and in determining the expected operational delivery outcomes that need to be delivered.
 - **Pay awards** - Uncertainty will remain around the pay awards for local government staff and teaching staff. Actual pay awards will not be confirmed nationally by independent pay bodies until later in 2025 and therefore further consideration might need to be given in-year to adjust pay budgets at that time. Whilst the pay award assumptions factored into the budget are set at a level which is seen as prudent, there remains an unknown risk of the effect of the wider economic and political landscape as we move through 2025.
 - **Employer's national insurance contributions** – There remains a risk that the quantum and allocation of funding to support Councils is insufficient to meet the additional costs incurred directly within the Council's workforce, and indirectly through increased costs of commissioned services.
- 3.4 The ongoing financial challenges remain as always, a dynamic situation. Work continues to shape the wider programme of service change that will include an ongoing assessment of key service pressures, the risks and modelling assumptions that sit alongside this,

with the aim to establish a clear plan and approach to address the medium-term budget shortfalls forecast. The next iteration of the Medium term financial plan will be considered early in 2025/26 and post the UK Government Spring budget.

- 3.5 In light of the above risks, the strengthened financial governance arrangements will continue through 2025/26 to provide assurance that robust arrangements are in place to deliver on service savings, and to respond to any circumstances where further budget pressures might require additional mitigation or savings to be brought forward.
- 3.6 In terms of setting council tax for 2025/26 statute requires that Council makes appropriate recommendations to prescribed timescales for setting the Council Tax payable for the coming financial year. The Council must also account for precepts made upon it by the Office of Police and Crime Commissioner for Gwent and by Town and Community Councils. Recommendation 2.6 discharges these obligations.
- 3.7 The Council is also required to authorise officers to undertake advance recovery action through the Courts where necessary. The authorising recommendation appears at 2.9 above.

4. OPTIONS APPRAISAL

Not applicable as this is a statutory report.

EVALUATION CRITERIA

Not applicable.

6. REASONS

- 6.1 To approve the summary revenue and capital budget for 2025/26.
- 6.2 To set the Council Tax for the 2025/26 financial year.
- 6.3 To discharge the Responsible Financial Officer's responsibilities under the Local Government Act 2003.

7. RESOURCE IMPLICATIONS:

As identified in the report.

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

8.1 The equality and sustainability considerations on the budget proposals have been identified throughout the budget process and were taken into account by Cabinet when recommending the budget on 5th March 2025. The relevant information is contained in the Cabinet papers for the Final 2025/26 Revenue and Capital Budget.

8.2 There are no safeguarding and corporate parenting implications associated with this report.

9. CONSULTEES:

This report arises from Councils approval of the 2025/26 budget proposals and contains the statutory decisions in relation to setting council tax for 2025/26. The budget has undergone considerable consultation to arrive at the recommendations made.

10. BACKGROUND PAPERS:

Final revenue and Capital budget 2025/26: Cabinet 5th March 2025

11. AUTHORS:

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APPENDICES

Appendix 1 – Revenue Budget summary 2024/25 to 2028/29

Appendix 2 – Reconciliation through the 2025/26 revenue budget process

Appendix 3 – Capital Budget summary 2025/26 to 2028/29

Appendix 1 – Revenue Budget Summary

Services	Adjusted Base Budget 2024/25	Final Base Budget 2025/26 £000's	Indicative Base Budget 2026/27 £000's	Indicative Base Budget 2027/28 £000's	Indicative Base Budget 2028/29 £000's
Learning, Skills and Economy	65,118	72,486	73,831	75,206	76,652
Social Care & Health	68,196	75,404	75,517	75,955	76,399
Infrastructure & Place	26,695	25,440	29,917	30,068	30,333
Customer, Culture and Wellbeing	8,205	8,622	8,611	8,654	8,727
Resources	8,284	8,446	8,532	8,623	8,716
People, Performance and Partnerships	3,259	3,400	3,425	3,465	3,515
Law & Governance	2,875	3,050	3,274	3,148	3,199
Corporate Costs & Levies	29,764	29,147	38,122	47,736	57,754
Sub Total	212,396	225,994	241,227	252,856	265,294
Transfers to reserves	833	2,483	718	743	769
Transfers from reserves	(1,748)	(775)	(516)	(341)	(341)
Capital financing costs	8,423	9,076	10,119	10,699	11,044
Total Expenditure Budget	219,904	236,778	251,548	263,957	276,767
Aggregate External Financing (AEF)	(126,019)	(135,248)	(137,007)	(138,240)	(139,760)
Council Tax (MCC)	(72,582)	(78,626)	(81,732)	(84,960)	(88,316)
Council Tax (MCC Premium)	(755)	(615)	(640)	(665)	(691)
Council Tax (Gwent Police)	(16,940)	(18,325)	(19,049)	(19,801)	(20,583)
Council Tax (Community Councils)	(3,608)	(3,964)	(3,964)	(3,964)	(3,964)
Sub Total Financing	(219,904)	(236,778)	(242,391)	(247,630)	(253,315)
(Surplus)/Deficit	0	0	9,157	16,328	23,452

Appendix 2 – Reconciliation through the budget process

Draft Revenue Budget proposals £000's			Final Settlement Changes		March 2025 Cabinet and Final budget recommendations to Council			
Net Expenditure Budgets	Adjusted Base Budget 2024/25	Draft Budget 2025/26	Adjustment to AEF	Settlement pressures / adjustments	Changes to Pressures	Changes to Savings	Final amendments	Final budget recommended 2025/26
Learning, Skills and Economy	65,118	72,111		62		67	247	72,486
Social Care & Health	68,196	75,404						75,404
Infrastructure & Place	26,695	29,290		236	2,442	(4,739)	(1,790)	25,440
Customer, Culture and Wellbeing	8,205	8,512				110		8,622
Resources	8,284	8,446						8,446
People, Performance and Partnerships	3,259	3,400						3,400
Law & Governance	2,875	3,050						3,050
Corporate Costs & Levies	9,216	6,085			850		(77)	6,858
Community Council precept	3,608	3,608					356	3,964
Gwent Police precept	16,940	18,095					230	18,325
Sub Total	212,396	228,000	0	298	3,292	(4,562)	(1,035)	225,994
Borrowing Costs	8,423	9,590					(514)	9,076
Contributions to Earmarked reserves	833	693					1,790	2,483
Contributions from Earmarked reserves	(1,748)	(775)						(775)
Total Expenditure	219,904	237,509	0	298	3,292	(4,562)	241	236,778
Funding Budgets								

Aggregate External Financing (AEF)	(126,019)	(133,704)	(1,544)					(135,248)
Council Tax (MCC)	(72,582)	(78,626)						(78,626)
Council Tax (MCC Premium)	(755)	(615)						(615)
Council Tax (Gwent Police)	(16,940)	(18,095)					(230)	(18,325)
Council Tax (Community Councils)	(3,608)	(3,608)					(356)	(3,964)
Council Fund Contribution	0	0						0
Total Funding	(219,904)	(234,648)	(1,544)	0	0	0	(586)	(236,778)
Total Budget	0	2,861	(1,544)	298	3,292	(4,562)	(345)	0
Page 32	Band D Council Tax 2024/25	2025/26 tax base	Band D Council Tax 2025/26	%age increase				
Council tax recommendations	1,686.70	48,566.96	1,818.26	7.80%				

Appendix 3 – Capital budget 2025/26 to 2028/29

Scheme	Final Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Expenditure	£	£	£	£
Property Maintenance	1,872,357	1,653,357	1,653,357	1,653,357
Property Maintenance Fees	236,194	236,194	236,194	236,194
County Farms Maintenance	300,773	300,773	300,773	300,773
Upgrade School Kitchens	39,725	39,725	39,725	39,725
Asset Management Schemes	2,449,049	2,230,049	2,230,049	2,230,049
Abergavenny 3-19 school	12,232,076	0	0	0
School Development Schemes	12,232,076	0	0	0
Carriageway major works	1,136,540	1,136,540	1,136,540	1,136,540
Carriageways & Structures - additional improvements	2,743,000	1,312,000	1,312,000	1,312,000
Safety fence upgrades	76,181	76,181	76,181	76,181
Footway Reconstruction	197,453	197,453	197,453	197,453
Reconstruction of bridges & retaining walls	449,041	449,041	449,041	449,041
Road safety & trafficman programme	161,508	129,508	129,508	129,508
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408
Flood Alleviation Schemes	30,427	11,427	11,427	11,427
Drainage & Gully works	375,000	375,000	375,000	375,000
Structural Repairs - Public rights of way	437,091	118,091	118,091	118,091
Surveys and Closures - Public rights of way	90,000	90,000	90,000	90,000
Ash Dieback/Dangerous Trees works	170,000	100,000	100,000	100,000
Infrastructure & Transport Schemes	6,075,740	4,204,740	4,204,740	4,204,740
Capital Region City Deal	730,200	730,200	730,200	730,200
S106 Schemes	287,524	0	0	0
Regeneration Schemes	1,017,724	730,200	730,200	730,200
Disabled Facilities Grant	900,000	900,000	900,000	900,000
Access for all - Schools	50,000	50,000	50,000	50,000
Access For All	250,000	250,000	250,000	250,000
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Hardware replacement	126,000	260,000	260,000	260,000
Network Estate replacement	100,000	50,000	50,000	50,000
SRS capital reserve contribution	61,000	61,000	61,000	61,000
Business world upgrade transition	40,000	0	0	0
Asset Management software transition	51,000	0	0	0
Ransomware & security	84,500	42,000	42,000	42,000
ICT Schemes	462,500	413,000	413,000	413,000

Vehicle Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,707,500	2,357,500	1,357,500	0
Capitalisation Directive	3,707,500	2,357,500	1,357,500	0
Fixed Asset Disposal Costs	50,000	50,000	50,000	50,000
Match Funding of Grant applications	500,000	500,000	500,000	500,000
Contingency budget	0	560,000	560,000	560,000
Other Schemes	550,000	1,110,000	1,110,000	1,110,000
Total Expenditure	29,194,590	13,745,490	12,745,490	11,387,990
Funding	£	£	£	£
Supported Borrowing	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)
Unsupported Borrowing	(18,068,566)	(4,256,990)	(4,256,990)	(4,256,990)
Grants & Contributions	(3,333,524)	(3,046,000)	(3,046,000)	(3,046,000)
Reserve Funded	(103,000)	(103,000)	(103,000)	(103,000)
Capital Receipts	(3,757,500)	(2,407,500)	(1,407,500)	(50,000)
Vehicle Lease Financing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Funding	(29,194,590)	(13,745,490)	(12,745,490)	(11,387,990)
(Surplus) / Deficit	0	0	0	0



REPORT

SUBJECT:	2025/26 Capital Strategy and 2025/26 Treasury Management Strategy
DIRECTORATE:	Resources
MEETING:	Council
DATE:	6th March 2025
DIVISION/WARDS AFFECTED:	Countywide

1. PURPOSE

- 1.1. To approve the Council's 2025/26 Capital and Treasury Management Strategies, including the Minimum Revenue Provision (MRP) policy.

2. RECOMMENDATIONS

- 2.1. That Council approves the Capital strategy for 2025/26 as found at **Appendix 1**.
- 2.2. That Council approves the Treasury management strategy for 2025/26 as found at **Appendix 2**, including the:
 - 2025/26 Minimum Revenue Provision Policy Statement
 - 2025/26 Investment & Borrowing Strategies
- 2.3. That Council agrees that Governance & Audit Committee should continue to review the Council's treasury activities for 2025/26 on behalf of the Council by receiving and considering quarterly treasury update reports and a year-end report.

3. KEY ISSUES:

The CIPFA prudential code requires Local Authorities to produce an annual capital strategy and treasury management strategy prior to the commencement of a financial year

The existing strategies in place for 2024/25 are suitably robust and have provided the framework for both capital investment and treasury investment and borrowing decisions to follow

The 2025/26 strategies therefore follow a similar format with no substantive changes to the proposed strategic frameworks

In respect of the treasury management strategy a specific investment category has been added to allow for investment in Covered or Supranational bonds. The limit on investment with any one counterparty is £5m, with a total sector limit of £10m

The Minimum revenue provision policy has been updated to clarify the treatment of leases and PFI schemes, and for loans classified as capital expenditure

Governance & Audit committee considered and endorsed the strategies at its meeting on the 20th February.

4. 2025/26 Capital Strategy

Overview

- 4.1. The Capital Strategy sets out the longer-term context in which capital investment decisions are made and demonstrates that the Authority takes capital investment decisions that are in line with its Corporate priorities, and gives consideration to both risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to the stewardship of public funds, value for money, prudence, sustainability and affordability.
- 4.2. The main considerations arising from the Capital strategy shown in **Appendix 1** are summarised in this report below.
- 4.3. The Capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 4.4. The Cabinet's Community and Corporate Plan establishes a clear purpose to become a zero-carbon county, supporting wellbeing, health and dignity for everyone at every stage of life and sets the goals for Monmouthshire to be a:
 - A Fair place to live where the effects of inequality and poverty have been reduced;
 - A Green place to live and work, with reduced carbon emissions, and making a positive contribution to addressing the climate and nature emergency;
 - A Thriving and ambitious place, where there are vibrant town centres, where businesses can grow and develop;
 - A Safe place to live where people have a home and community where they feel secure;
 - A Connected place where people feel part of a community and are valued;
 - A Learning place where everybody has the opportunity to reach their potential.
- 4.5. Achievement of these objectives will be pursued via actions driven by an array of enabling plans and individual service plans. In some instances, these actions will involve a requirement for capital investment.

- 4.6. A large degree of capital investment is funded from grants, or internal resources such as capital receipts and specific reserves, which do not impact on borrowing levels, but where borrowing is required, it is important that the approved limits are not exceeded.
- 4.7. This is an important area of overall financial management governance in that debt funded capital expenditure, and the external borrowing that results, locks in the Council into revenue financing costs sometimes for as long as 50 years. These costs are comprised of the external loan interest costs and the provision for financing the debt funded capital expenditure, known as Minimum Revenue Provision (MRP).
- 4.8. In the current financial climate and taking into account a continued Medium Term Financial Projection (MTFP) revenue budget gap, capital investment needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.
- 4.9. Within the context of significant demands for capital resources and limited availability, there is the need to develop and link our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework.
- 4.10. **Setting Capital Budgets**

Final 2025/26 Capital Medium Term Financial Plan

Scheme Type	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Asset Management Schemes	2,449,049	2,230,049	2,230,049	2,230,049
School Development Schemes	12,232,076	0	0	0
Infrastructure & Transport Schemes	6,075,740	4,204,740	4,204,740	4,204,740
Regeneration Schemes	1,017,724	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	462,500	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,707,500	2,357,500	1,357,500	0
Other Schemes	550,000	1,110,000	1,110,000	1,110,000
Total Expenditure	29,194,590	13,745,490	12,745,490	11,387,990

- 4.11. The capital MTFP and capital strategy seek to work towards a financially sustainable core capital programme, whilst balancing the need to deliver capital investment plans in line with policy commitment and need.
- 4.12. The current capital MTFP does not cover all the capital budget pressures that have been identified. This shows that there is more demand for capital spending than the Council considers it can reasonably afford. This means that capital schemes will have to be ranked or the capital available has to be divided more widely than is ideal.

- 4.13. All stakeholders must understand that paying for capital spending by borrowing only pushes the cost to revenue budgets over future years, but at the same time if capital maintenance works are put off then the total lifetime costs of keeping an asset are likely to go up. This effect is often hidden in medium term financial planning as asset lives are much longer than four years.
- 4.14. The capital programme includes yearly investment for property maintenance, highways maintenance, relevant specific capital grants and the future schools programme. This will help to deal with the most urgent backlog issues, focussing on worst condition first and related risk. However, estate rationalisation programs, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be used to reduce the backlog funding needed. This will not solve the specific total backlog but is a way of targeting the main issues in a reasonable way.
- 4.15. **Capital Financing**
- 4.16. All capital expenditure incurred has to be physically financed. Once the finite available sources of internal financing (capital receipts, reserves/revenue) and external grant financing are extinguished the Authorities only recourse is to debt (borrowing).

Medium term capital financing

Financing source	Final Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Debt	22,000,566	8,188,990	8,188,990	8,188,990
External sources	3,333,524	3,046,000	3,046,000	3,046,000
Capital Receipts	3,757,500	2,407,500	1,407,500	50,000
Reserves	103,000	103,000	103,000	103,000
Total Funding	29,194,590	13,745,490	12,745,490	11,387,990

- 4.17. Approval of capital expenditure funded through borrowing locks the Council into committing revenue funding over a very long period (as long as 50 years). Minimum Revenue Provision (MRP) is required to be funded from revenue budgets to cover expected borrowing repayments and the level of MRP is increasing over the medium-term so the Authority needs to ensure its capital plans remain affordable and sustainable.

Proportion of financing costs to net revenue stream

Proportion of financing Costs to net revenue stream	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's
Net Interest payable	6.6	6.8	7.3	7.4	7.4
MRP	6.4	6.1	6.7	6.7	6.9
Total Financing costs	13.0	12.9	14.0	14.1	14.3
Net Revenue Stream	199.3	215.8	227.1	238.6	250.4
Proportion of net revenue stream %	6.52%	5.98%	6.16%	5.91%	5.71%

- 4.18. The table above compares financing costs to the net revenue stream i.e. the amount of income from Council Tax, business rates and general government grants. The overall proportion of financing costs remains fairly stable over the MTFP window which is reflective of the total revenue stream increasing in line with expected inflationary impacts whilst the financing costs increase moderately in line further capital investment made, most notably the completion of the new Abergavenny 3-19 school.
- 4.19. Total financing costs remain sustainable within the context of the Authorities overall revenue budget in so much that they are fully provided for within the medium term financial plan.

Ongoing Capital Programme Development

- 4.20. In light of continuing funding constraints, it is important that the Council understands the key risks and future aspirations for capital investment. These are captured through various plans and strategies across the Council. There will be a range of priorities originating from these plans which will look to deliver on aspirational long term objectives such as the decarbonisation agenda and affordable housing.
- 4.21. Alongside this, it is important to consider the requirement to maintain the Councils current asset base. As noted previously, this is something that has been severely impacted by constrained funding levels in previous years and has resulted in a maintenance backlog developing, which gives rise to the potential for major asset failures to occur where issues have developed over time. Although the risks associated are captured through ongoing condition surveys and monitoring, it is inevitable that as time progresses that more significant sums of investment will be required to maintain or substantially refurbish ageing assets.
- 4.22. There will inevitably be other priorities to be considered for inclusion within the capital programme over the medium to longer term, with the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes that will require substantial match funding commitments. The consideration to support such priorities will need to be carefully balanced against other competing demands.
- 4.23. **Capital Receipts**
- 4.24. In circumstances where property is deemed surplus to requirements and can be sold, the Disposal Strategy within the Asset management strategy (AMS) provides the process by which this happens and considerations for doing so. To enable a consistent approach to the disposal of surplus land and property, the Disposal policy clarifies the circumstances within which the council will achieve its requirements for best consideration, whilst supporting the Council's objectives as per the Community & Corporate Plan and AMS.

Forecast Capital receipts

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Balance as at 1st April	9,984	5,052	3,332	1,116	635
Less: capital receipts used for financing	(1,381)	(640)	(460)	(460)	(460)

Less: capital receipts used to support capitalisation directive	(3,744)	(3,358)	(2,358)	(324)	0
Capital receipts for Redundancies	0	0	0	0	0
Capital receipts Received	91	0	0	0	0
Capital receipts Forecast	103	2,278	603	303	0
Forecast Balance as at 31st March	5,052	3,332	1,116	635	175

- 4.25. The value of Capital receipts forecast after 2025/26 drops off quite considerably which is reflective of the replacement local development plan (RDLP) not proceeding as quickly as envisaged in the original delivery agreement. This will have an impact on the balance of receipts available to fund future capital investment demands in the near term.
- 4.26. Traditionally receipts have been earmarked to finance the Authorities future schools investment. Whilst the Council has further future schools aspirations, in recent years it was not proposed to advocate a similar approach to members in respect of tranche B. Schools based assets commonly have a useful life of 50 years+, and as such traditional long term loan funding can be sourced at competitive rates with limited annual revenue volatility. The Council derives greater revenue benefit by using capital receipts in affording replacement of short life assets, given the avoidance of proportionately more significant minimum revenue provision.

5. 2025/26 Treasury Management Strategy

Overview

- 5.1. The treasury management strategy sets out the Council's longer term borrowing requirement and plans, which is driven mainly by the capital programme requirements and the resulting impact on the revenue budget.
- 5.2. It includes how it will manage and invest its surplus cash which also have various targets/limits set as part of prudential indicators, treasury management indicators and also includes additional guidance of the Welsh Government Investment Guidance and the Minimum Revenue Provision Policy.
- 5.3. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the TM Code) which outlines that capital expenditure plans should be:

Affordable: It is important that the Council's capital investment remains within sustainable limits. The Code requires Councils to consider the resources currently available to them and those estimated to be available in the future, together with the totality of the capital plans and income and expenditure forecasts. As well as capital expenditure plans, Councils should consider the cost of past borrowing, ongoing and future maintenance requirements, planned asset disposals and the MRP policy, which all impact upon affordability.

Prudent: All external borrowing and other long-term liabilities are within prudent levels. The full Council set an authorised limit and operational boundary for external debt, these need to be consistent with the Council's plans for affordable capital expenditure and financing, and with its treasury management policy statement and practices.

Sustainable: taking into account the arrangements for repayment of debt (including through MRP) and consideration of risk and the potential impact on the Council’s overall financial sustainability in the medium to longer term.

- 5.4. The Governance & Audit Committee in its role as the Council’s delegated body to review and scrutinise the authority's financial affairs must receive as a minimum a quarterly treasury update report including an annual report after its close on treasury management activities during the year.
- 5.5. Overall responsibility for treasury management remains with the full Council. In effect, that body delegates the execution and administration of treasury management decisions to the Section 151 officer or deputy who will act in accordance with the Treasury management strategy, treasury management practices and CIPFA’s Standard of Professional Practice on treasury management.
- 5.6. The detailed Treasury strategy for 2025/26 is included at **Appendix 2**. Key points of interest are summarised below.

Annual Minimum Revenue Provision (MRP) Policy Statement

- 5.7. The annual Minimum Revenue Provision is the mechanism used for spreading the capital expenditure financed by borrowing over the years to which benefit is provided. Regulations state that the authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent. In addition, there is the requirement for an Annual Minimum Revenue Provision Policy Statement to be drafted and submitted to full Council. This is shown in section 8 of the strategy. The policy also makes consideration of the Welsh Government MRP guidance.

Type of Expenditure	Option Applied	MRP Calculation
Supported Borrowing funded Expenditure	Option 3	Calculated on an annuity basis over the expected useful life of an asset, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money
Unsupported Borrowing funded Expenditure	Option 3	Calculated on an annuity basis over the expected useful life of an asset, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money
Leases and PFI	Option 5	MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the

		value of the right-of-use asset recognised on transition rather than the liability.
Loans classed as capital expenditure	Option 6	As prescribed

Borrowing Strategy

- 5.8. Given the constraints on public expenditure over recent years and in particular to local government funding, the Council’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 5.9. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years.
- 5.10. The Council has previously raised the majority of its long-term borrowing from the PWLB and expects to continue to do so during 2025/26. PWLB loans are no longer available to local Councils planning to buy investment assets primarily for yield and the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 5.11. Short term borrowing has traditionally been sourced from the inter-Local authority market and this is expected to continue as it provides a low administration cost option for borrowing at competitive rates of interest.

Investment Strategy

- 5.12. Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income
- 5.13. The Authority continues to hold a minimum of £10m of investments to meet the requirements of a professional client under the Mifid II regulations (Markets in financial instruments directive) and therefore consideration will continue to be given to investing balances with a more medium to long term outlook, albeit within the confines and framework of the internal borrowing approach outlined above.
- 5.14. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however the Council will closely monitor the returns on these investments in light of a heightened interest rate environment.

- 5.15. The approved counterparty list and limits are shown in the Treasury strategy. The investment limits proposed complement the Authorities objective of striking an appropriate balance between risk and return, whilst minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.16. It is important to note that the counterparty rating limits and investment maturities act as limits and not targets and are further informed by market information alongside bespoke periodic advice from our treasury advisers as to sustainability and financial robustness of specific counterparties.

Environmental, social and governance (ESG) policy

- 5.17. Environmental social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.
- 5.18. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 5.19. An updated list of signatories to the three charters is provided by the Authority's treasury advisors each quarter and will continue to be monitored. Any counterparties not signed up to all three charters will be removed from the Authorities investment portfolio.
- 5.20. The Council will continue through 2025/26 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more proactive ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.

6. CONSULTEES:

Deputy Chief Executive

Cabinet Member for Resources

Arlingclose – Treasury Management Advisors to Monmouthshire CC

Governance & Audit Committee

7. APPENDICIES:

Appendix 1 – 2025/26 Capital strategy

Appendix 2 - 2025/26 Treasury Management Strategy including the Minimum Revenue Provision policy statement and Investment & Borrowing Strategies

8. AUTHORS:

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Strategy & Treasury Management Strategy 2025/26

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Capital Strategy

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

Treasury Strategy

- 1.7. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.
- 1.8. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the

Public Services: Code of Practice (the TM Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Council Investments that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

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

1.10. **KEY PRINCIPLE 1**

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

KEY PRINCIPLE 2

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

KEY PRINCIPLE 3

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

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

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

Appendix 1

2025/26 Capital Strategy

1. Introduction

- 1.1. This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and a summary of the implications for future financial sustainability.
- 1.2. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 1.3. Current Welsh Government legislation on the flexible use of capital receipts permits them to be used to fund revenue expenditure that will generate ongoing savings or reduce revenue costs or pressures over the longer term to a Council, or several Councils, and/or to another public body.
- 1.4. In the current economic climate of financial constraints and a continued Medium Term Financial Projection (MTFP) revenue budget gap, expenditure on capital needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.
- 1.5. The strategy highlights the key risks and considerations:
 - The Council's medium term capital programme contains a substantial amount of borrowing, in particular until the end of 2025/26 as part of the financing package of the new King Henry school in Abergavenny. Whilst this is affordable and included in the medium term revenue budget considerations, it would be unsustainable to continue at a such a heightened borrowing level thereafter, especially given the current economic climate and ongoing pressures upon the Council's revenue budget.
 - Within the context of significant demands for capital resources and limited availability, there is the need to develop and link our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer visibility and assessment of demand for maintenance of assets such as property, highways and other operational assets, as well as focussing on asset rationalisation.
 - Useable capital receipts have been used successfully to provide a limited one-off resource to support financing of the capital programme. In recent years the Council has made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off revenue costs associated with service reform. The Council has called upon this flexibility since 2019/20 and plans to do similarly over the medium term.

- With the pool of useable capital receipts forecast to be at minimal levels at the end of the medium term financial plan period, the continued use of capital receipts for this purpose is recognised as necessary but will be required to be tapered down.
- Approval of capital expenditure funded through borrowing locks the Council into committing revenue funding over a very long period (as long as 60 years). With Minimum Revenue Provision (MRP) budgets increasing over the medium-term, the Council needs to ensure its capital plans remain affordable and sustainable.
- The prudential indicators, including borrowing limits, are in line with the final budget proposals presented to Cabinet and Council in February 2024.

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

1.7. The strategy sets out:

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

2. The Prudential Code

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

- **AFFORDABLE** - It is important that the Council's capital investment remains within sustainable limits. The Code requires Councils to consider the resources currently available to them and those estimated to be available in the future, together with the totality of the capital plans and income and expenditure forecasts. As well as capital expenditure plans, Councils should consider the cost of past borrowing, ongoing and future maintenance requirements, planned asset disposals and the MRP policy, which all impact upon affordability.

- **PRUDENT** – All external borrowing and other long-term liabilities are within prudent levels. The full Council set an authorised limit and operational boundary for external debt, these need to be consistent with the Council's plans for affordable capital expenditure and financing, and with its treasury management policy statement and practices.
 - **SUSTAINABLE** – taking into account the arrangements for repayment of debt (including through MRP) and consideration of risk and the potential impact on the Council's overall financial sustainability in the medium to longer term.
- 2.2. The risks associated with investments for commercial purposes should be proportionate to the Council's financial capacity and standing.
 - 2.3. Treasury management decisions should be taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
 - 2.4. The Prudential Code requires Councils to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-term financing implications and potential risks to the Council.
 - 2.5. In order to demonstrate that local Councils have fulfilled these objectives, the Prudential Code sets out the prudential indicators that must be used, and the factors that must be taken into account. These indicators are presented alongside the final budget presented to Council.
 - 2.6. **Governance & reporting**
 - 2.7. The responsibility for decision making in respect of capital investment, investment and borrowing, and prudential indicators lies with full Council.
 - 2.8. Council will approve the Capital strategy and the annual Treasury management strategy (including the investment strategy and MRP policy statement).
 - 2.9. Council delegates responsibility for the detailed implementation, monitoring and scrutiny of capital investment consequences, including treasury management policy, strategy and practices to the Governance & Audit Committee.
 - 2.10. The execution and administration of treasury management decisions is delegated the Section 151 officer or deputy, who will act in accordance with the policy and strategy and follow CIPFA's Standard of Professional Practice on Treasury Management.
 - 2.11. The Council recognises the value in the use of treasury advisors to support the management of risk and to access specialist skills and resources. Support provided by its current advisors Arlingclose Limited includes advice on timing of decision making, training, credit updates, economic forecasts, research, articles and advice on capital finance.

2.12. **Revised strategy:** Full Council would be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, a significant change in the Council's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

3. Setting capital budgets

Over the next four years the Council is planning capital expenditure of £66.8m as summarised below:

Table 1: Capital Medium Term Financial Plan

Scheme Type	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Asset Management Schemes	2,449,049	2,230,049	2,230,049	2,230,049
School Development Schemes	12,232,076	0	0	0
Infrastructure & Transport Schemes	6,075,740	4,204,740	4,204,740	4,204,740
Regeneration Schemes	1,017,724	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	462,500	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,707,500	2,357,500	1,357,500	0
Other Schemes	550,000	1,110,000	1,110,000	1,110,000
Total Expenditure	29,194,590	13,745,490	12,745,490	11,387,990

3.1. Member responsibility for assets rests with the Cabinet member for Resources. The main governance and approval process for capital investment is summarised as follows:

- Council approve the overall revenue and capital budgets following recommendations from Cabinet. They also approve the borrowing limits of which the capital programme will need to remain within (**the Authorised limit**). This limit is a key performance indicator for treasury management and ensures that capital expenditure is limited and borrowing remains within an affordable limit.
- Any variation of the Authorised borrowing limit can only be approved by Council.
- Council approve the Treasury Management, Investment & Borrowing strategies, which are intrinsically linked to capital expenditure and the capital strategy.
- Service managers put forward proposals for any change or additional capital investment annually which are collated and scrutinised by senior finance teams, who consider the

financing cost of the proposals. These are initially screened against the approved priority investment matrix, and a recommendation made to the strategic leadership team (SLT).

- SLT further consider the recommendations against the approved priority matrix and wider Council plans and strategies in place. Following review, SLT will make recommendation to Cabinet for inclusion in the capital budget and to be considered further by Cabinet and Council at final budget setting stage.
- Monitoring of capital expenditure is reported to Cabinet and includes updates on capital receipts and any consequential impact on the revenue budget of the scheme progress made.
- The 2025/26 and forward capital budgets include investment in schemes which attract significant match funding from external bodies which services will be responsible for bidding for. The agreed priority investment matrix listed below plays a key role in ensuring investment is properly aligned with the overall Community and Corporate Plan and wider strategic principles of the Council.

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

- 3.2. The current capital MTFP does not cover all the capital budget pressures that have been identified. This shows that there is more demand for capital spending than the Council

considers it can reasonably afford. This means that capital schemes will have to be ranked or the capital available has to be divided more widely than is ideal.

- 3.3. All stakeholders must understand that paying for capital spending by borrowing only pushes the cost to revenue budgets over future years, but at the same time if capital maintenance works are put off then the total lifetime costs of keeping an asset are likely to go up. This effect is often hidden in medium term financial planning as asset lives are much longer than four years.
- 3.4. The capital programme includes yearly investment for property maintenance, highways maintenance, relevant specific capital grants and the future schools programme. This will help to deal with the most urgent backlog issues, focussing on worst condition first and related risk. However, estate rationalisation programs, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be used to reduce the backlog funding needed. This will not solve the specific total backlog but is a way of targeting the main issues in a reasonable way.
- 3.5. There might be other calls for capital funding for schemes that are not yet included in the overall programme. Any new schemes that come forward during the year will either need to be paid for by specific funding sources or represent a call upon any available programme under spends. It is important that capital spending stays at a reasonable level within the framework agreed and, therefore, ranking of capital spending is essential and needs to be affordable and sustainable in the long-term.
- 3.6. Frequent reviews of previously approved schemes that have been delayed will be carried out to ensure that they are still affordable within set budgets. This is especially important in the current economic situation of high inflation and supply chain disruption.

4. Capital financing requirement

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

Table 2: Capital financing

Financing source	Final Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Debt	22,000,566	8,188,990	8,188,990	8,188,990
External sources	3,333,524	3,046,000	3,046,000	3,046,000
Capital Receipts	3,757,500	2,407,500	1,407,500	50,000
Reserves	103,000	103,000	103,000	103,000
Total Funding	29,194,590	13,745,490	12,745,490	11,387,990

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

Table 3: CFR and related MRP charges in £m

	2024/25 Forecast £m's	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's
Capital Financing Requirement	220.0	234.4	234.4	234.5	238.0
Minimum Revenue Provision	6.4	6.1	6.7	6.6	6.9

- 4.5. The increase in capital expenditure, including that funded via other sources, will be a considerable operational challenge to achieve, as evidenced by the significant levels of slippage incurred over recent financial years. Therefore, it is important to recognise the possibility that the actual CFR may be lower than estimated by the end of the 2024/25 financial year, and in turn reducing the actual need to undertake external borrowing.
- 4.6. It is important that capital expenditure plans are realistic, as otherwise this can result in unnecessarily committing revenue resources towards capital financing budgets, which in turn restricts alternative investment in achieving service delivery aspirations.

5. Revenue budget implications

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

Table 4: Proportion of financing costs to net revenue stream

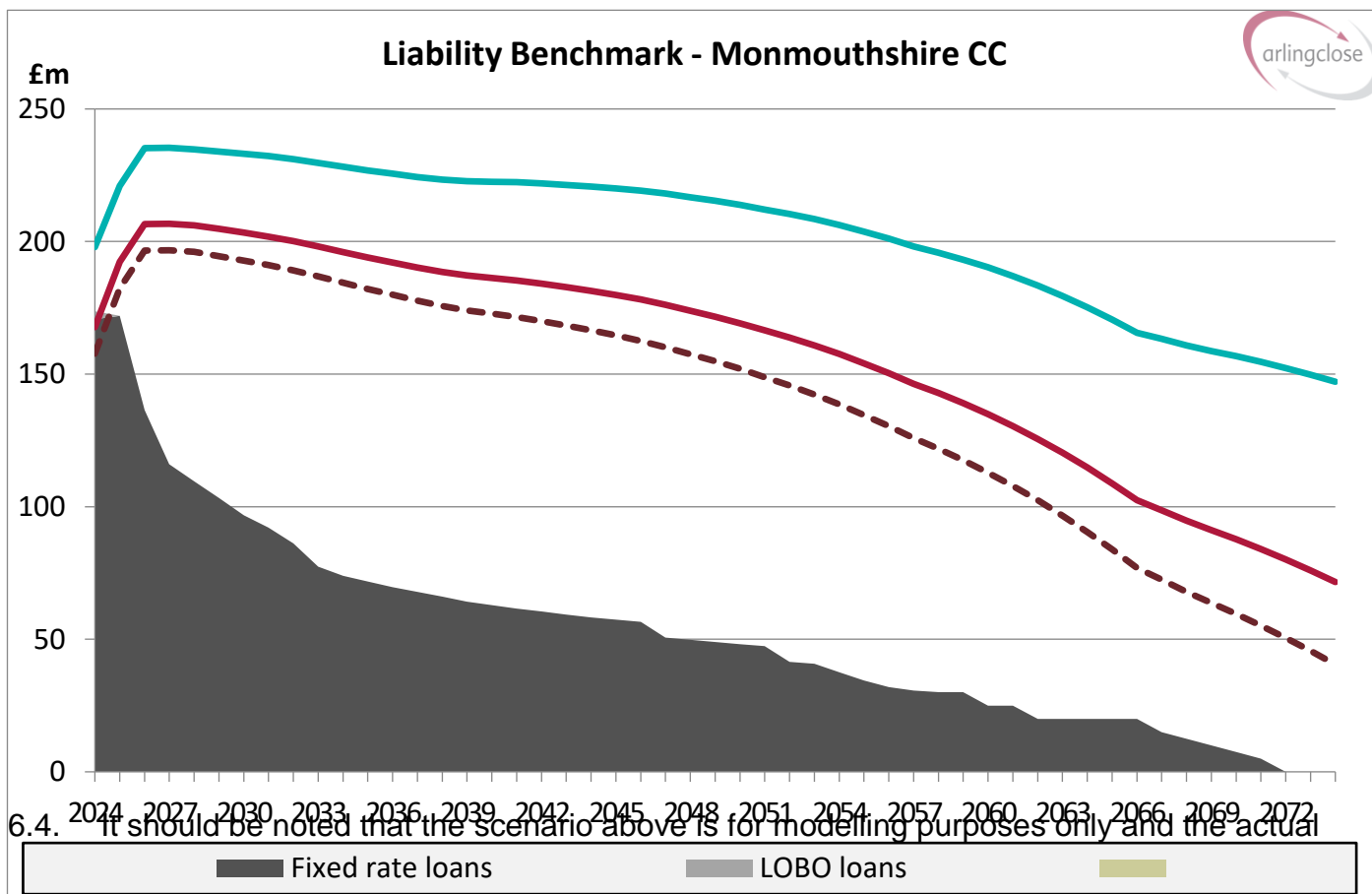
Proportion of financing Costs to net revenue stream	2024/25 Estimate £m's	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's
Net Interest payable	6.6	6.8	7.3	7.4	7.4
MRP	6.4	6.1	6.7	6.7	6.9
Total Financing costs	13.0	12.9	14.0	14.1	14.3
Net Revenue Stream	199.3	215.8	227.1	238.6	250.4
Proportion of net revenue stream %	6.52%	5.98%	6.16%	5.91%	5.71%

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

6. Long term capital financing projections

- 6.1. Capital investment is often for assets which have a long-term life i.e. buildings and road infrastructure may have an asset life in excess of 50 years. The financing of these assets could also be over a long-term period. Therefore, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once capital expenditure has been financed from borrowing the Council is committed to the revenue implications arising from that decision (i.e. the annual cost of MRP) for a long-term period.
- 6.2. Due to the financial constraints that the Council continues to operate under, it is anticipated that the ability to finance capital expenditure from borrowing will remain incredibly restricted over the long-term. This means that the Council will face a significant challenge in being able to finance its medium to longer term capital aspirations in terms of maintenance backlogs, as well as the need to invest in new and existing assets.
- 6.3. The Liability benchmark shown below demonstrates the following, in terms of the impact of the current capital programme and projected capital investment financed from borrowing over the next 50 years:

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



6.4. It should be noted that the scenario above is for modelling purposes only and the actual

borrowing and associated capital financing costs. These factors include assumptions included on the level and deliverability of capital investment; the level of external financing for the programme; internal Council resources; and future MRP policy and treasury strategy.

Ongoing Capital Programme Development

6.5. In light of continuing funding constraints, it is important that the Council understands the key risks and future aspirations for capital investment. These are captured through various plans and strategies across the Council. There will be a range of priorities originating from these plans which will look to deliver on aspirational long term objectives such as the decarbonisation agenda and affordable housing.

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

7. Capital disposals & receipts

- 7.1. The Council's [Asset Management Strategy](#) (AMS) sets out the strategic objectives for our land and property. The strategy sets out the way property will be managed and contribute to the policy objectives of the council. The Asset Management Strategy provides a clear vision of the future of property assets and management of their strategic performance.
- 7.2. Asset Management Strategy objectives:
- **A fit for purpose and collaborative estate** – providing assets necessary to deliver council services, in the right location, compliant and co-located where possible.
 - **Be good role models for climate and nature practices** – manage our assets well, lowering our carbon footprint and promoting more sustainable practices.
 - **Maximised and commercialised asset base** – generate more revenue and higher value outcomes (financial and non-financial) from sales of surplus assets.
 - **Strengthen the enablement role of Landlord Services** – continue to support service objectives including job creation, tackling homelessness, constructing affordable homes, driving value for money.
 - **Optimise social value from community assets** – support community assets equitably, transparently, and consistently.

- 7.3. MCC benefits from a diverse land and property portfolio that has delivered a commercial return over a number of years. There are over 1500 assets in MCC ownership which support different services and public needs.
- 7.4. In circumstances where property is deemed surplus to requirements and can be sold, the Disposal Strategy within the AMS provides the process by which this happens and considerations for doing so. To enable a consistent approach to the disposal of surplus land and property, the Disposal policy clarifies the circumstances within which the council will achieve its requirements for best consideration, whilst supporting the Council's objectives as per the Community & Corporate Plan and AMS.
- 7.5. The AMS acknowledges a need for assets to align to its five core objectives. In circumstances where properties are considered to not meet this criteria, have alternative development potential or can be rationalised to unlock capital receipts, the Council's Disposal Policy can be exercised to support the disposal of surplus assets.
- 7.6. When capital receipts are generated these can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts "flexibly" on service transformation projects under the Welsh Government flexible use of capital receipts policy. Repayments of capital grants, loans and investments also generate capital receipts.
- 7.7. The Council anticipates the following capital receipts in the forthcoming financial years:

Table 5: Forecast Capital receipts

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Balance as at 1st April	9,984	5,052	3,332	1,116	635
Less: capital receipts used for financing	(1,381)	(640)	(460)	(460)	(460)
Less: capital receipts used to support capitalisation directive	(3,744)	(3,358)	(2,358)	(324)	0
Capital receipts for Redundancies	0	0	0	0	0
Capital receipts Received	91	0	0	0	0
Capital receipts Forecast	103	2,278	603	303	0
Forecast Balance as at 31st March	5,052	3,332	1,116	635	175

- 7.8. Further specific details of planned asset disposals are reported regularly to Cabinet Members.
- 7.9. The value of Capital receipts forecast after 2025/26 drops off quite considerably which is reflective of the replacement local development plan (RDLP) not proceeding as quickly as envisaged in the original delivery agreement. This will have an impact on the balance of receipts available to fund future capital investment demands in the near term.

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

8. Treasury management

- 8.1. The Treasury management strategy (TMS) is considered alongside the Capital strategy at Council and the figures within it the link directly to the impact of the debt resulting from the Capital strategy and the subsequent capital investment.
- 8.2. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

9. Borrowing strategy

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

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

Table 6: Authorised limit and operational boundary for external debt in £m

Operational boundary and Authorised limit	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's
Operational Boundary - borrowing	248.2	264.1	265.6	267.2
PFI, leases & right of use assets/Headroom	17.8	17.8	17.8	17.8
Operational Boundary - total external debt	266.0	281.9	283.4	285.0
Authorised Limit - borrowing	263.6	279.5	281.0	282.6
PFI, leases & right of use assets/Headroom	18.8	18.8	18.8	18.8
Authorised Limit - total external debt	282.4	298.2	299.8	301.4

10. Investment strategy

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

Governance

- 10.3. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the S151 Officer or Deputy and their staff, who must act in line with the treasury management strategy approved by full Council. The draft 2025/26 strategy is considered alongside this paper with a final version to be put forward for approval by full Council in March 2025. In addition quarterly treasury reports on activity are presented to Governance and Audit Committee who are responsible for scrutinising treasury management decisions.

11. Investments for Service Purposes

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

12. Commercial Activities

- 12.1. Monmouthshire County Council adopted an Asset Investment Policy in May 2018, with a further amendment to the policy approved in February 2019, which afforded the authority the powers to acquire property to meet policy objectives. The commercial asset investment portfolio contains the strategic sites that are to generate a revenue return to MCC, and/or afford regenerative or social benefit via the ownership of strategic investments.
- 12.2. Total commercial investments held by the Council are currently valued at £31.3m:

Table 7: Value of Commercial investments

Asset	Value @ 01/04/2023	Movement	Value @ 31/03/2024
Castlegate Business Park	6,158,995	495,275	6,654,270
Castlegate Business Park - Service Charge	260,510	-59,088	201,422
Newport Leisure Park	19,756,000	-937,000	18,819,000
Oak Grove Solar Farm	5,484,818	126,119	5,610,937
Broadway Loan	792,293	-792,293	0
Total	32,452,616	-1,166,987	31,285,629

12.3. The ratio of commercial income compared to the Council's net revenue budget is around 1.5% and is considered prudent and proportionate, and is not considered to expose the Council to undue risk if any one income stream was compromised. To assist in managing this risk the Council holds reserves for its commercial investments that look to further mitigate the factors that may impact upon future income generation.

Governance

12.4. The Council paused any further active consideration of commercial investments activity as a consequence of the pandemic and the resultant uncertainty in property and investment markets. No investments have been made subsequent to the strengthening of the Prudential code and confirmation has been provided on an annual basis to the DMO that no PWLB borrowing is intended for the purpose of acquiring investment assets primarily for the purposes of yield.

12.5. A residual capital budget of £1.85m is held to support any further capital investment required on existing investments, in order to maintain value and maximise return on investment.

12.6. As a result of the Council's risk appetite any further new investment will only be considered in order to support the core policy objectives contained within the Council's latest Community and Corporate Plan, and where deemed prudent, sustainable and affordable.

12.7. In terms of any future investment proposals, these can be considered in line with the Council's current constitution and decision-making processes through Council, Cabinet or otherwise.

12.8. The Investment Committee, as an existing sub-committee of Council, has been retained but put in abeyance. This therefore allows Council in future, and if it so wishes, to request the Investment Committee to preside over an investment proposal before making recommendation back to Council for consideration. In such circumstances this will retain the cross-party scrutiny and consideration of any such investment proposals.

12.9. The Performance & Overview Scrutiny Committee now focuses on maintaining oversight and scrutiny of the performance of the Council's property investment portfolio on a six-monthly basis.

12.10. The Governance and Audit Committee looks to seek ongoing assurance on overall governance arrangements of the commercial and property investments as part of the Council's overall land and property portfolio.

13. Knowledge & skills

Internal expertise

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

External expertise

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

Members

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

2025/26 Treasury Management Strategy

1. Economic background and forecasts for interest rates

- 1.1. **Economic background:** The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.
- 1.2. The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.
- 1.3. The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).
- 1.4. ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI

also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

- 1.5. The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 1.6. The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.
- 1.7. Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.
- 1.8. **Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.
- 1.9. Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage

growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

- 1.10. Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.
- 1.11. Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 1.12. **Interest rate forecast (December 2023):** The Authority's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.
- 1.13. Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.
- 1.14. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 1.15. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.25%, and that new long-term loans will be borrowed at an average rate of 5.5%.

2. Local Context

- 2.1. On 31st December 2024, the Council held £184.5m of borrowing and £15.5m of treasury investments as demonstrated below:

Table 1: Current debt and investment levels

	31st Dec 2023 Actual Portfolio £m's	Average Rate %	31st Dec 2024 Actual Portfolio £m's	Average Rate %
External borrowing:				
Public Works Loan Board	122.2	3.3%	135.8	3.52%

LOBO loans from banks	3.0	4.5%	0.0	0.0%
Welsh Government Loans	5.3	0.0%	4.7	0.0%
Council to Council & other ST loans	43.0	4.4%	44.0	5.06%
Total external borrowing	173.5	3.5%	184.5	3.71%
Treasury investments:				
Banks & building societies (unsecured)	1.5	1.5%	0.0	0.0%
Government (incl. local Councils)	3.0	4.84%	9.0	4.99%
Money Market Funds	5.1	4.88%	2.5	4.78%
Strategic pooled funds	4.0	5.77%	4.0	5.44%
Total treasury investments	13.6	4.76%	15.5	5.03%
Net debt	159.9		169.0	

- 2.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 2.3. The Council has an increasing CFR due to the indicative capital programme, but minimal investments and will therefore be required to borrow additional sums over the longer term.
- 2.4. **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 2.5. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

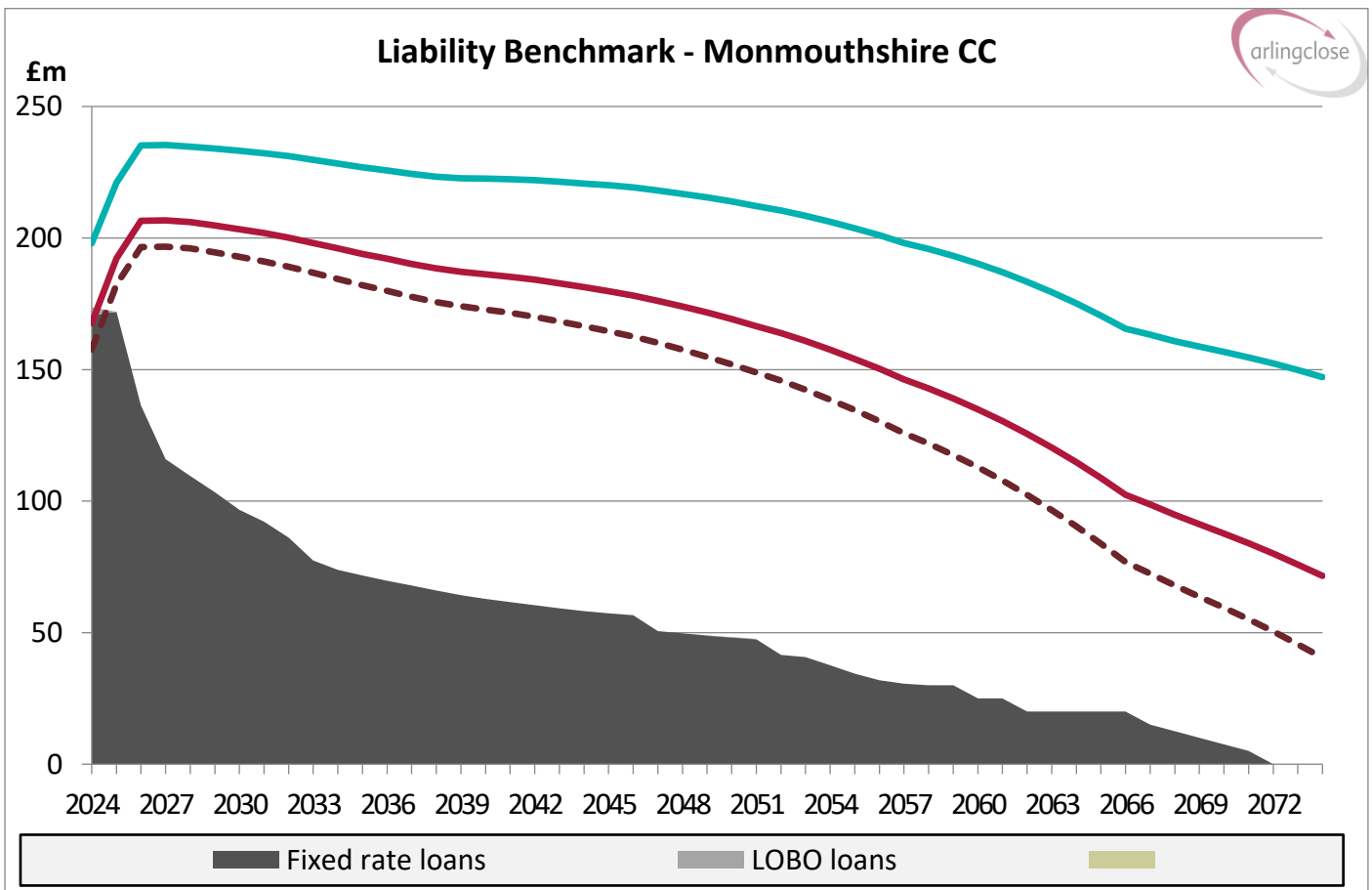
Table 2: Liability benchmark

	31.3.24 Actual	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast	31.3.29 Forecast
Loans CFR	198.0	220.0	234.4	234.4	234.5	238.0
Less: Balance sheet resources	(40.3)	(38.7)	(38.7)	(38.7)	(38.7)	(38.7)
Net loans requirement	157.7	181.3	195.7	195.7	195.7	199.3

Plus: Liquidity allowance	16.2	10.0	10.0	10.0	10.0	10.0
Liability benchmark	173.9	191.3	205.7	205.7	205.7	209.3
Current loan profile**	(173.9)	(172.5)	(137.0)	(116.5)	(110.1)	(103.8)
Borrowing requirement	0.0	18.8	68.7	89.2	95.7	105.5

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

2.6. The long-term liability benchmark assumes capital expenditure funded by borrowing is in line with the medium-term financial plan, minimum revenue provision on new capital expenditure is based on the annuity method, and expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Authority’s existing borrowing:



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

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

3. Borrowing Strategy

- 3.1. The Council currently holds £184.5m of loans, an increase of £11.0m on the previous year, as part of its strategy for funding previous years' capital programmes. The liability benchmark above shows that the Council expects to borrow up to £68.7m in 2025/26. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.
- 3.2. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.3. **Strategy:** Given the constraints on public expenditure over recent years and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Authority's interest rate exposure within the limit set in the treasury management prudential indicators, see below.
- 3.4. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years.
- 3.5. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.6. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local Councils, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local Councils planning to buy

investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

- 3.7. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.8. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.9. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except the Greater Gwent Pension Fund)
 - Capital market bond investors
 - Retail investors via a regulated peer-to-peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
 - CSC Foundry Ltd

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

- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
 - similar asset based finance
- 3.10. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local Councils. This is a more complicated source of finance than the PWLB for two reasons: borrowing Councils will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.
- 3.11. **LOBOs:** The Council no longer holds LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

- 3.12. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 3.13. **Debt rescheduling:** The PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.
- 3.14. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen in the table above, the Council expects to comply with this over the medium term window based on current estimates of future debt levels.
- 3.15. **Authorised limit:** The Council is legally obliged to approve an affordable borrowing limit (also termed the ‘authorised limit’ for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.
- 3.16. Based on the capital programme proposed, it is recommended that the Council approve the following authorised limits and operational boundaries. The undertaking of other long-term liabilities, within the overall limit, is delegated to the Section 151 Officer based on the outcome of financial option appraisals and best value considerations.
- 3.17. The operational boundary remains an internal management tool to monitor borrowing levels and exceeding the boundary would not represent a compliance failure.

Table 3: Authorised limit and operational boundary for external debt in £m

Operational boundary and Authorised limit	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's
Operational Boundary - borrowing	248.2	264.1	265.6	267.2
PFI, leases & right of use assets/Headroom	17.8	17.8	17.8	17.8
Operational Boundary - total external debt	266.0	281.9	283.4	285.0
Authorised Limit - borrowing	263.6	279.5	281.0	282.6
PFI, leases & right of use assets/Headroom	18.8	18.8	18.8	18.8
Authorised Limit - total external debt	282.4	298.2	299.8	301.4

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

Table 4: (Treasury management indicator) - Maturity structure of borrowing

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

4. Treasury investments

Treasury Investment strategy

- 4.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the year to date, the Council’s treasury investment balance has ranged between £10.2m and £50.1m million. It is anticipated that the level of investments held in 2025/26 will be lower, as cash balances are used in lieu of external borrowing, in line with the authority’s internal borrowing strategy.
- 4.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 4.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however

the Council will closely monitor the returns on these investments in light of a heightened interest rate environment.

- 4.4. The CIPFA Code does not permit local Councils to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 4.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 4.6. An updated list of signatories to the three charters is provided by the Authority's treasury advisors each quarter and will continue to be monitored. Any counterparties not signed up to all three charters will be removed from the Authorities investment portfolio.
- 4.7. The Council will continue through 2025/26 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.
- 4.8. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.9. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

Table 5: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local Councils & other government entities	25 years	£4m	Unlimited
Secured investments *	5 years	£4m	75%

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

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

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

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

This table must be read in conjunction with the notes below

Government: Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Local authorities and other government entities: Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

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

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

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

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

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

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

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

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

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

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

4.10. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

4.11. Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

4.12. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local Councils. This will cause investment returns to fall but will protect the principal sum invested.

4.13. **Investment limits:** The Council's revenue reserves available to cover investment losses currently stand at £18.8m. In order that no more than a third of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

4.14. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks

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

Table 6: Additional investment limits

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

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

Treasury Management Indicators

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

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

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

Price risk indicator	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£5m	£4m	£2m	£10m

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

5. Related matters

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

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

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

Financial Implications

- 5.9. The budget for investment income in 2025/26 is £788k, based on an average investment portfolio of £10m and existing pooled fund investments. Returns are expected to come from pooled fund investments, from shorter term investments with the Government, from secured/unsecured investments, or from Money Market Funds.
- 5.10. The budget for debt interest paid in 2025/26 is £7.6m, based on existing loans and assumed new borrowing at an average rate of 5.5%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Other Options Considered

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

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

Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain
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6. Additional requirements of Welsh Government Investment Guidance

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

of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of [A-] or higher.

- 6.6. **Loans:** The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local Council.
- 6.7. The Council uses an allowed ‘expected credit loss’ model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Council has appropriate credit control arrangements to recover overdue repayments in place.
- 6.8. **Non-specified investments:** Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table 18; the Council confirms that its current non-specified investments remain within these limits.

Table 7: Non-specified investment limits

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

- 6.9. **Non-financial investments:** This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. Based on current information, the Council’s investment property portfolio does not currently provide sufficient security for capital investment since its fair value is below its purchase price. The Council is therefore continue to closely review options to secure the capital invested, including:

- Retaining the asset and increasing net returns
- Disposing of the asset
- Retaining the asset for future capital gains
- Maximising return on capital in another way

- 6.10. The Council consider that the scale of its commercial investments including property are proportionate to the resources of the Council since gross income from such investments represent around 1.5% of the overall net revenue budget stream.
- 6.11. **Liquidity:** The Council's liquidity management has been detailed in the main Treasury report with regard to treasury activities. Before supporting local entities or placing a commercial investment the impact on liquidity is fully addressed, most commonly by taking out loans of an appropriate maturity to ensure funds are available for the life of the activity.
- 6.12. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will follow its Investment strategy for Commercial assets which ensures that any borrowed capital will be repaid with annual income earned from the investment or that an exit strategy identified during the due diligence will be followed.
- 6.13. **Investment advisers:** The Council has appointed Arlingclose Limited as treasury management advisers with the current contract running until 31st March 2025, and has used Alder King as advisers for the last two Commercial investment Property Acquisitions. The quality of these services is controlled by the Finance and Estates teams and also the Investment Committee appointed to oversee the Commercial Investments.
- 6.14. **Borrowing in advance of need:** Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.
- 6.15. **Capacity and skills:** The Section 151 officer is responsible for ensuring that those elected members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to:
- take informed decisions as to whether to enter into a specific investment;
 - assess individual investments in the context of the strategic objectives and risk profile of the local Council; and
 - understand how the quantum of these decisions have changed the overall risk exposure of the local Council.
- 6.16. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advice from its independent advisers regarding investment and borrowing activity.
- 6.17. **Commercial deals:** The investment committee is responsible for ensuring that those tasked with negotiating commercial deals have the appropriate skills and access to information to

allow them to operate with regard to the principles of the prudential framework and regulatory regime within which the Council operates.

- 6.18. **Corporate Governance:** The Council has a clear corporate governance framework set out within its constitution, delegation framework and Annual Governance Statement. This ensures that decisions regarding investment are taken at the appropriate level. For example, the overarching treasury strategy and framework is approved by full Council. Operational decisions, such as day to day cashflow management, including borrowing, are delegated to the Section 151 officer or Deputy.

7. Advisors Economic & Interest Rate Forecast – December 2024

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Forecast:

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

8. MRP Policy Statement 2025/26

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

provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

8.3. The WG Guidance requires the Council to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement only incorporates options recommended in the Guidance.

8.4. MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

8.5. MRP options recommended in the Guidance include:

Option 1	For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008.
Option 2	For General Fund capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined as 4% of the capital financing requirement in respect of that expenditure.
Option 3	For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
Option 4	For capital expenditure incurred after 31st March 2008, MRP will be determined as being equal to the accounting charge for depreciation and impairment on those assets (or parts of) continuing until the expenditure has been fully funded.
Option 5	Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
Option 6	For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital

financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the WG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.

Note: This does not preclude other prudent methods.

MRP in 2025/26:

8.6. The following MRP policy will be applied in 2025/26:

Type of Expenditure	Option Applied	MRP Calculation
Supported Borrowing funded Expenditure	Option 3	Calculated on an annuity basis over the expected useful life of an asset, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money
Unsupported Borrowing funded Expenditure	Option 3	Calculated on an annuity basis over the expected useful life of an asset, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money
Leases and PFI	Option 5	MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
Loans classed as capital expenditure	Option 6	As prescribed

- 8.7. For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council may make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the WG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.
- 8.8. In all cases Capital expenditure incurred during 2025/26 will not be subject to an MRP charge until 2026/27. The 2025/26 budget proposals reflect these outlined positions.

9. Glossary of treasury terms

Authorised Limit	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh Councils) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Council and needs to be consistent with the Council's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit. (see also <i>Operational Boundary</i> , below)
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bail-in	Refers to the process which the banking regulatory Councils will use to restructure a financial institution which is failing or likely to fail. Unsecured creditors of and investors in that financial institution will participate in its restructure who will, as a consequence, incur a non-recoverable loss (commonly referred to as a 'haircut') on their obligation/investment. Local Council investments with banks and building societies such as term deposits, certificates of deposit, call accounts and non-collateralised bonds are unsecured investments and are therefore vulnerable to bail-in.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local Council that has not been financed.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)
Capital receipts	Money obtained on the sale of a capital asset.
CIPFA	Chartered Institute of Public Finance and Accountancy
Constant Net Asset Value (CNAV)	Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US\$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI <i>Also see RPI</i>	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)

Credit Default Swap (CDS)	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Cost of carry	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
Credit default swaps	Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
Derivatives	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
ECB	European Central Bank
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting
GDP	Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy.
General Fund	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the HRA).
Gilts (UK Govt)	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

Housing Revenue Account (HRA)	A ring-fenced account of all housing income and expenditure, required by statute
IFRS	International Financial Reporting Standards
Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'
Investments <ul style="list-style-type: none"> - Secured - unsecured 	<p>Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default</p> <p>Unsecured investments do not have underlying collateral. Such investments made by local Councils with banks and building societies are at risk of bail-in should the regulator determine that the bank is failing or likely to fail.</p>
Liability Benchmark	Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
LOBOs	LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at predetermined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.
LVNAV (Low Volatility Net Asset Value)	From 2019 Money Market Funds will have to operate under a variable Net Value Structure with minimal volatility (fluctuations around £1 limited to between 99.8p to 100.2p)
Maturity	The date when an investment or borrowing is repaid.
Maturity profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.
MiFID II	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Minimum Revenue Provision	An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
Non-Specified Investments	Term used in the Communities and Local Government Guidance and Welsh Assembly Guidance for Local Council Investments. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
Net Asset Value (NAV)	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
Operational Boundary	This is the limit set by the Council as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Council's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
Permitted Investments	Term used by Scottish Councils as those the Council has formally approved for use.
Pooled funds	See Collective Investment Schemes (above)
Premiums and Discounts	<p>In the context of local Council borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest.</p> <p>PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.</p> <p>*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.</p>

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

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

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Integrated Impact Assessment document

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

<p>Name of the Officer Gemma Ellis</p> <p>Phone no: 07967-843124 E-mail: gemma.ellis@cardiff.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>The Procurement Act (2023) is scheduled to 'go live' on 24 February 2025 and the Social Partnership and Public Procurement (Wales) Act 2023 to follow later within 2025, both pieces of legislation will impact how procurement must be undertaken by public sector organisations across Wales.</p> <p>The Contract Procedure Rules have been updated to reflect these legislative changes.</p>
<p>Name of Service area</p> <p>Strategic Procurement Unit</p>	<p>Date 24.02.2025</p>

1. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Disability	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Marriage or civil partnership	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Pregnancy or maternity	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Race	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Religion or Belief	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Sex	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage
Sexual Orientation	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage

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?
Socio-economic Duty and Social Justice	<p>The CPR's have been framed around the Procurement Act 2023, the Social Partnership and Public Procurement (Wales) Act 2023 and the Council's Socially Responsible Procurement Strategy 2023-28.</p> <p>They are developed as a framework to align all procurement practices to leverage purchasing power and to promote social value, support fair work and contribute to a more equal society.</p>	<p>No Impact identified at this stage</p>	<p>No Impact identified at this stage</p>

3. Policy making and the Welsh language.




How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
<p>Policy Making</p> <p>Effects on the use of the Welsh language,</p> <p>Promoting Welsh language</p> <p>Treating the Welsh language no less favourably</p>	<p>The CPR's will be available in Welsh, and there are Welsh speakers across the Ardal partnership who can provide advice, guidance and training through the medium of Welsh where this is required.</p> <p>A key procurement governance document (Pre Tender Report Form) that must be completed to gain approval to issue a tender also includes a section to ensure that Welsh language issues are considered in all tenders.</p>	<p>No Impact identified at this stage</p>	<p>No Impact identified at this stage</p>
<p>Operational</p> <p>Recruitment & Training of workforce</p>	<p>No Impact identified at this stage</p>	<p>No Impact identified at this stage</p>	<p>No Impact identified at this stage</p>
<p>Service delivery</p> <p>Use of Welsh language in service delivery</p> <p>Promoting use of the language</p>	<p>The CPR's include a section on the Welsh Language Measure setting out the responsibility on all officers to comply with the Welsh Language Standards.</p> <p>The Council has a Welsh Language Checklist for use within the tendering process which aligns with the Council's Welsh Language Standards.</p>	<p>No Impact identified at this stage</p>	<p>No Impact identified at this stage</p>



4. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The CPR's in accordance with the referenced legislation seeks to promote (where appropriate) the improvement in the economic, social, environmental and cultural well-being of their area by carrying out public procurement in a Socially Responsible way.</p> <p>The promotion of local suppliers is therefore referenced within the relevant financial threshold guidance.</p>	<p>No Impact identified at this stage</p>
<p>A resilient Wales Maintain and enhance biodiversity and land, river and coastal ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>Carbon Reduction Guidance is embedded within the CPR's, which aligns with the requirements of the Council's Socially Responsible Procurement Strategy and UK & WG legislation.</p>	<p>No Impact identified at this stage</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>The updated CPRs set out that Community Well-being Benefits (CWB) should be sought on tenders above £250,000. These CWB can range from training, jobs, workplacements through to funding to support community initiatives/schemes.</p>	<p>No Impact identified at this stage</p>
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	<p>The updated CPRs set out that Community Well-being Benefits (CWB) should be sought on tenders above £250,000. These CWB can range from training, jobs, workplacements through to funding to support community initiatives/schemes.</p>	<p>No Impact identified at this stage</p>
<p>A globally responsible Wales</p>	<p>The updated CPR's ensure that our procurement rules have a positive impact globally, for example</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?
Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	through encouraging procurement outcomes that reduce carbon emissions, modern slavery etc and promotes positive global initiatives such as Fairtrade and deforestation free (see link Circular or Sustainable Procurement Hierarchy).These principles are embedded in UK & WG legislation and Policy Notes, such as, Procurement Act 2023, Social Partnership & Public Procurement (Wales) Act 2023 & Well-being of Future Generations (Wales) Act 2015 as well as aligning with the Council's Community & Corporate Plan 2022-28 and the Socially Responsible Procurement Strategy 2023-2028.	No Impact identified at this stage
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The CPR's provide comprehensive guidance around the processes that need to be followed with regards to consideration of the Welsh language. As an example, Tenders can be submitted in Welsh and any subsequent interviews if required are to be conducted in Welsh if the tenderer so wishes.	No Impact identified at this stage
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Focus within the CPR's with regards to promotion of local suppliers (where appropriate) to generate more Community Wealth building. In addition, the rules support the delivery of wider well-being objectives.	No Impact identified at this stage

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>CPR's have been updated to reflect changes to UK and WG Procurement legislation and are framed around sustainable development principles. E.g. having regard to procurements that delivers value for money on a whole life basis in terms of generating benefits not only to the organisation, but also providing opportunity for how this money can be spent in a way that delivers wider economic, social, environmental and cultural well-being both locally and wider across our neighbouring Council's.</p>	<p>No Impact identified at this stage</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>CPR's have been part of a collaborative endeavour across the Procurement Partnership (Ardal) in an attempt to rationalise our procurement processes (where applicable). Consensus on the rules has been developed in conjunction with Cardiff, Torfaen and the Vale of Glamorgan Council's.</p>	<p>Buying Responsibly Procurement Guidance will be periodically reviewed and shared across the Ardal partnership to compliment the CPR's. This will ensure that all officers involved within the procurement process understand what is expected of them.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>All relevant stakeholders i.e. Procurement, Legal, Finance and Internal Audit functions where consulted with as part of the agreed CPR's.</p>	<p>All Officers with a responsibility for delivering outsourced procurements will be offered a series of training aids to help the rules to be embedded across their procurements.</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>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Application of the rules will promote sustainable procurement. Playing their part in limiting the negative impacts of climate change, pollution and future waste disposal issues.</p>	<p>No Impact identified at this stage</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The CPR's have been developed in accordance with UK & WG Procurement Legislation, where there is a requirement to consider proportionate Whole Life Costing (WLC) within all procurements as part of our focus on delivering sustainable procurement outcomes.</p> <p>For all procurements where the aggregate spend exceeds £75,000 a Pre Tender Report (PTR) is included within the procurement planning phase to aid the planning of procurements to ensure that the award criteria is aligned with the Council's expectations.</p>	<p>No Impact identified at this stage</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?

	Describe any positive impacts your proposal has	Describe any negative impacts your proposal has	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	CPR clause 31.2 specifically refers to the importance of the “Senior Officer” appointing resource to manage the day-to-day aspects of the Contract for its term. Clause 31.2vi makes specific reference to the importance of the Contract Manager monitoring and reporting on any safeguarding issues that have been reported.	No Impact identified at this stage	The Council will look to develop a Safeguarding Policy for Contractors and supporting Guidance for Officers.
Corporate Parenting	No Impact identified at this stage	No Impact identified at this stage	No Impact identified at this stage

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

Updated CPR’s have been developed in collaboration with Cardiff Council and the Ardal partnership in direct response to The Procurement Act 2023, which replaces the existing Public Contracts Regulations 2015 and which sets out how public procurement is carried out and regulated in England, Wales and Northern Ireland.

To provide some Welsh context, the CPR’s are also reflective of The Social Partnership and Public Procurement (Wales) Act. Where the focus relates to developing a framework to enhance the well-being of the people of Wales by promoting fair work and socially responsible public procurement.

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 CPR's are part of the Council's Constitution and provide a corporate framework for the procurement of all Goods, Services and Works, procured by the Council.

The rules make a positive contribution to the wellbeing goals, in particular a Prosperous Wales, Resilient Wales and Globally Responsible Wales. They also ensure Long Term thinking by embedding whole life costing.

There are no negative impacts to report.

9. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible
Contract Procedure Rule training	From March 2025	Gemma Ellis
Publicising the updated Buying Responsibly Guides – these will guide officers through what they need to do	From March 2025	Gemma Ellis

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10. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	SLT	04/02/2025	
2	Governance & Audit Committee	20/02/2025	

SUBJECT: PUBLICATION OF PAY POLICY STATEMENT AS REQUIRED BY THE LOCALISM ACT

MEETING: Council

DATE: 6 March 2025

1. PURPOSE

- 1.1 To approve the publication of Monmouthshire County Council's Pay Policy, in compliance with the Localism Act.

2. RECOMMENDATION

- 2.1 That Council approves the Pay Policy for the year 1st April 2025 to 31st March 2026.

3. KEY ISSUES

- 3.1 Monmouthshire County Council is part of the nationally negotiated and agreed pay award involving the Joint National Councils (JNC) for Chief Executives and Chief Officers. It also applies the JNCs' terms and conditions.
- 3.2 As a result of the 2024/25 pay negotiations between JNC and Trades Unions:
- a. the individual basic salaries of all officers within the scope of the JNC for Chief Executives of Local Authorities increased by 2.50% with effect from 1 April 2024.
 - b. the individual basic salaries of all officers within the scope of JNC for Chief Officers of Local Authorities increased by 2.50% with effect from 1 April 2024.
 - c. the individual basic salaries of all officers within the scope of JNC 'Green Book' terms and conditions increased by £1,290 (for SCP 2-43) and 2.50% (for SCP 44-51), with effect from 1 April 2024.
 - d. the individual basic salaries of all teachers within the scope of the School Teachers Pay & Conditions Document increased by 5.5% with effect from 1 September 2024.
- 3.3 The legal duty to publish a pay policy is set out in s38 of the Localism Act 2011. In providing this report to Council to note and making the report available Monmouthshire County Council is satisfying that legal requirement. The policy covers the requirements of the legislation including:

- a. information in relation to pay bands (and salary information) which apply as at 1 April 2024 for the Chief Executive Officer, Chief Officers and Local Government Employees (LGE);
 - b. Monmouthshire County Council's pay spine and grading structure.
 - c. updated information in relation to the pension contributions.
- 3.4 The policy is underpinned by the Single Status Agreement signed as a collective agreement with the Trades Unions on 2nd December 2010 and other nationally agreed terms and conditions for employees of the Council.
- 3.5 This is the fourteenth publication of the policy.

4. OPTIONS APPRAISAL

- 4.1 There is a statutory requirement to produce and publish an annual pay policy statement.

5. EVALUATION CRITERIA

- 5.1 This report is a statutory requirement.

6. REASONS

- 6.1 The Council has a statutory requirement under s38 of the Localism Act 2011 to prepare a pay policy statement on an annual basis. The statement needs to be in place by 31st March each year for the following financial year. The proposed Pay Policy will ensure compliance with this legislation.

7. RESOURCE IMPLICATIONS

- 7.1 There are no direct financial implications arising from the adoption of the pay policy statement.
- 7.2 Pay costs will be incorporated into the 2025/26 budget, and this will include an assumption made of the expected impact of any future national pay awards that may impact the Council's pay costs. The extent that any more local arrangements or enhancements having been agreed have been undertaken within the Authority's decision-making processes as outlined in the constitution.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)

- 8.1 This report is a statutory requirement.

9. CONSULTEES

Chief Executive
Head of Finance
Monitoring Officer
GMB
UNISON

10 BACKGROUND PAPERS

None

11. AUTHOR

Philippa Green
Head of HR
PhilippaGreen@Monmouthshire.gov.uk

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monmouthshire
sir fynwy

Pay Policy 2025

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1. INTRODUCTION

The purpose of a Pay Policy Statement is to increase accountability in relation to payments made to senior employees in the public sector by enabling public scrutiny. Monmouthshire County Council recognises that in the context of managing scarce public resources remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or excessive.

The publication of a Pay Policy supports Monmouthshire County Council's values of openness and fairness. This policy aims to ensure that all employees are rewarded fairly and without discrimination for the work that they do. It will reflect fairness and equality of opportunity and encourage and enable employees to perform to the best of their ability, operating within a transparent pay and grading structure.

Monmouthshire County Council recognises that pay is not the only means of rewarding and supporting employees and it offers a wider range of benefits, e.g., flexible working, access to learning, and a wide range of family friendly policies and workplace benefits.

It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.

In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict.

Monmouthshire County Council's ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during these times of financial challenge is crucial.



2. LEGISLATION

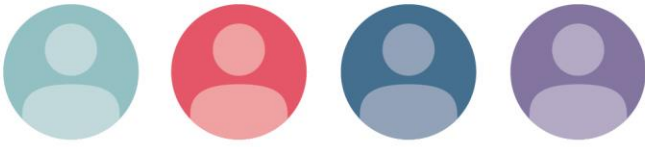
Under Section 112 of the Local Government Act 1972, the Council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit'. This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.

The Localism Act requires local authorities to develop and make public their pay policy on all aspects of Chief Officers remuneration (including when they cease to hold office), and that of the 'lowest paid' in the Local Authority. It also explains the relationship between the remuneration for Chief Officer and other groups of employees. The Act and supporting guidance provides details of matters that must be included in this statutory pay policy, but also emphasises that each local authority has the autonomy to take its own decisions on pay.

The Pay Policy must be approved formally by Council by the end of March each year, but can be amended in year, and must be published on the Monmouthshire County Council's website and must be complied with when setting the terms and conditions for Chief Officers and employees.

In determining the pay and remuneration of all its employees, Monmouthshire County Council will comply with all relevant legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and where relevant the Transfer of Undertakings (Protection of Earnings) Regulations (TUPE). With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures that all arrangements can be objectively justified through the use of job evaluation techniques, including all new and re-evaluated posts being approved by the Job Evaluation Panel.

In its application, this policy seeks to ensure that there is no discrimination against employees either directly or indirectly on grounds prohibited by the Equality Act 2010 which covers age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. This policy is inclusive of partners of the opposite or same sex.



3. SCOPE AND DEFINITIONS

This Pay Policy includes:

- The level of remuneration for Chief Officers
- The remuneration of the lowest paid employees
- The relationship between the remuneration of Chief Officers and other officers
- Other specific aspects of Chief Officers' remuneration, fees and charges, and other discretionary payments.

The Localism Act 2011 defines '**Chief Officers**' as being:

The Chief Executive Officer

Statutory Chief Officers:

In Monmouthshire County Council these are the:

- Deputy Chief Executive and Strategic Director, Resources (incorporating statutory Section 151 Officer role) (*formerly titled Deputy Chief Executive and Chief Officer, Resources*)
- Strategic Director – Learning, Skills and Economy (*formerly titled Chief Officer – Children and Young People*)
- Strategic Director – Social Care and Health (*formerly titled Chief Officer - Social Care and Health*)
- Chief Officer, Law and Governance (incorporating statutory roles of Monitoring Officer and Head of Democracy)
- Head of Finance (incorporating statutory Section 151 Officer role from 1st November 2024, in accordance with interim arrangements).

Non-statutory Chief Officers:

These are non-statutory posts that report directly to the Head of Paid Service. In Monmouthshire County Council these are the:



- Chief Officer, Communities and Place (this post became vacant on 18 November 2024 and interim arrangements were put in place until either 31 August 2025 or until permanent changes to the Strategic Leadership Team membership and responsibilities are agreed, whichever is sooner. These interim arrangements resulted in two existing Deputy Chief Officers assuming interim positions:
 - Interim Chief Officer, Infrastructure
 - Interim Chief Officer, Place
- Chief Officer, Customer, Culture and Wellbeing
- Chief Officer, People, Performance and Partnerships.

Deputy Chief Officers:

These are officers that report directly to statutory or non-statutory Chief Officers and are listed below.

In addition to the above statutory and non-statutory chief officers, posts on Chief Officers' terms and conditions in Monmouthshire County Council are:

- Head of Achievement and Attainment
- Head of Inclusion
- Head of Place-making, Regeneration, Highways and Flooding
- Head of Housing, Strategic Partnerships and Reform
- Head of Economy, Employment and Skills
- Head of Decarbonisation, Transport and Support Services
- Head of Finance
- Head of Information, Security and Technology
- Chief Information Security Officer
- Head of Public Protection (presently vacant following retirement of the previous post holder)
- Head of Adult Services
- Head of Childrens Services
- Head of Neighbourhood Services
- Head of Business Transformation (post-holder currently seconded to CCR).



Strategic Leadership Team:

In Monmouthshire County Council, our Strategic Leadership Team consists of:

- Chief Executive
- Deputy Chief Executive and Strategic Director, Resources
- Strategic Director – Learning, Skills and Economy
- Strategic Director – Social Care and Health
- Chief Officer, Law and Governance
- Chief Officer, Customer, Culture and Wellbeing
- Chief Officer, Infrastructure
- Chief Officer, Place
- Chief Officer People, Performance and Partnerships

The gender make-up is 7 male and 2 female officers.

The Localism Act 2011 requires the Council to define its 'lowest paid employee' within our pay policy statement. Within Monmouthshire County Council our lowest paid employees are those paid in accordance with the Real Living Wage.

The Localism Act 2011 defines remuneration as 'salary, bonuses, charges, fees or allowances payable, any benefits in kind, increase or enhancement of pension entitlement. This definition is adopted for the term "pay" used in this policy.

4. PAY INFORMATION – CHIEF EXECUTIVE OFFICER ON CHIEF EXECUTIVE TERMS AND CONDITIONS

The Chief Executive is appointed by Council. The Chief Executive is selected on merit, against objective criteria, following a public advertisement and works closely with Elected Members to deliver the aims of the Local Authority.

The local authority is responsible for a wide range of services, employing approximately 4,000 employees.



The remuneration for the Chief Executive Officer is a local grade established following an analysis of the degree of responsibility in the role and market rates at the time the post was last advertised (2009) and approved by Council. The salary for the Chief Executive is £131,208 (effective 1 April 2024). The individual basic salaries of all officers within the scope of the JNC for Chief Executives of Local Authorities increased by 2.50% with effect from 1 April 2024. The pay agreement covers the period 1 April 2024 to 31 March 2025.

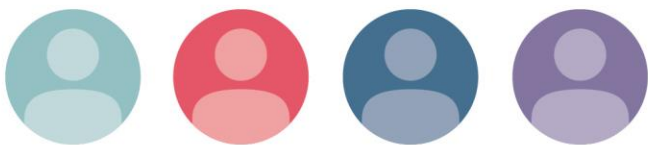
There are no additional bonus, performance, honoraria or ex gratia payments, with respect to the Chief Executive. The salary is subject to nationally agreed pay rises for JNC for local authority Chief Executive Officers. In Monmouthshire County Council, the role of the Electoral Registration Officer and Returning Officer is held by the Chief Executive. The fee for parliamentary, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. Local Authorities have the discretion to set the fee for local elections. In the Council, the fee for local elections is set in line with the fee agreed for the Welsh Government elections. Between 1 April 2024 and 31 March 2025, the Chief Executive received £4,603 for this role; covering the General Election and Police and Crime Commissioner Election.

The Independent Remuneration Panel for Wales (IRP)

Local Government (Democracy) (Wales) Act 2013 amended the Local Government (Wales) Measure 2011 by inserting Section 143A. This requires that any qualifying relevant authority that intends to change the remuneration of its Chief Executive must consult the Independent Remuneration Panel for Wales (IRP), unless the change is in keeping with changes applied to other officers. Section 143A also enables the IRP to take a view on anything in the Pay Policy Statement of a local authority that relates to the remuneration of the Chief Executive.

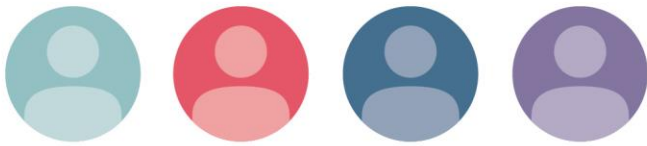
5. PAY INFORMATION – CHIEF OFFICERS and HEADS OF SERVICE ON CHIEF OFFICER TERMS AND CONDITIONS

Monmouthshire County Council employs Chief Officers under Joint National Council (JNC) for chief officers' terms and conditions, which are incorporated in their contracts.



The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises, and this Council will therefore pay these as and when determined in accordance with contractual requirements. The individual basic salaries of all officers within the scope of JNC for Chief Officers of Local Authorities increased by 2.50% on each pay point with effect from 1 April 2024. The pay agreement covers the period 1 April 2024 to 31 March 2025. All current salaries within this range are as follows (effective 1 April 2024):

POST	RANGE	SALARY
Chief Executive	N/A	£131,208
Deputy Chief Executive and Strategic Director, Resources (and Section 151 Officer)	Band A+ Points 1-3	£100,854 £102,172 £103,489
Strategic Director – Learning, Skills and Economy Strategic Director – Social Care and Health Chief Officer Law and Governance (and Monitoring Officer and Head of Democracy) Chief Officer, Communities and Place	Band A: Points 1 – 4	£92,950 £94,266 £95,583 £96,901



<p>Chief Officer, People, Performance and Partnerships</p> <p>Chief Officer, Customer, Culture and Wellbeing</p> <p>Head of Finance</p> <p>Head of Adult Services</p> <p>Head of Childrens Services</p> <p>Head of Achievement and Attainment</p> <p>Head of Service, Inclusion (temporary post)</p> <p>Head of Housing, Strategic Partnerships and Reform</p> <p>Head of Place-making, Regeneration, Highways and Flooding</p> <p>Head of Decarbonisation, Transport and Support Services</p> <p>Head of Neighbourhood Services</p>	<p>Band B: Points 1 – 4</p>	<p>£81,092</p> <p>£82,409</p> <p>£83,726</p> <p>£85,044</p>
<p>Head of Public Protection</p> <p>Head of Information, Security and Technology</p>	<p>Band C: Points 1 – 4</p>	<p>£69,893</p> <p>£72,528</p> <p>£75,163</p> <p>£77,799</p>
<p>Head of Planning</p> <p>Chief Information Security Officer</p> <p>Head of Economy, Employment and Skills</p>	<p>Band D: Points 1-3</p>	<p>£62,647</p> <p>£65,282</p> <p>£67,918</p>



The Chief Officer, Communities and Place post became vacant on 18 November 2024 and interim arrangements were put in place until either 31 August 2025 or until permanent changes to the Strategic Leadership Team membership and responsibilities are agreed, whichever is sooner. Honorarium payments were put in place, in accordance with the interim arrangements, for these Chief Officers:

- Interim Chief Officer, Infrastructure received an honorarium increasing their salary from Chief Officer Band B to Chief Officer Band A
- Interim Chief Officer, Place received an honorarium increasing their salary from Chief Officer Band C to Chief Officer Band B.

The following Chief Officers assumed additional responsibilities, with honorarium payments put in place, following the interim changes to the Strategic Leadership Team and the temporary absence of the Chief Executive from October 2024:

- The Strategic Director – Learning, Skills and Economy received an honorarium increasing their salary from Chief Officer Band A to Chief Officer Band A+. This will be effective from 21 October 2024 until either 31 August 2025 or until permanent changes to the Strategic Leadership Team membership and responsibilities are agreed, whichever is sooner.
- The Strategic Director – Social Care and Health received an honorarium increasing their salary from Chief Officer Band A to Chief Officer Band A+, effective from 21 October 2024 until either 31 August 2025 or until permanent changes to the Strategic Leadership Team membership and responsibilities are agreed, whichever is sooner.
- The Chief Officer – Customer, Culture and Wellbeing received an honorarium increasing their salary from Chief Officer Band B to Chief Officer Band A, effective from 21 October 2024 until either 31 August 2025 or until permanent changes to the Strategic Leadership Team membership and responsibilities are agreed, whichever is sooner.
- The Deputy Chief Executive and Strategic Director – Resources, received an honorarium equal to the difference between their current scale point (on Band A+) and the pay of the Chief Executive, to recognise their role as Acting Chief Executive during the absence of the substantive post holder, effective from 1 November 2024 until the return of Chief Executive.



- The Head of Finance received an honorarium payment equal to the difference between their current scale point and the bottom scale point of Chief Officer Band A to recognise the additional responsibilities they will assume as a result of the change to the Deputy Chief Executive and Strategic Director – Resources role. This includes but is not limited to assuming the statutory section 151 officer roles and responsibilities. The arrangement will be effective from effective from 1 November 2024 until the return of Chief Executive.

There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments etc., paid to these senior employees, as they are expected to undertake duties outside their contractual hours and working patterns without additional payments. There is no performance related pay and no bonuses. As an equal opportunity employer all posts are advertised.

Between 1 April 2024 and 31 March 2025, the Deputy Electoral Registration Officer and Returning Officer received £4,436 for this role; covering the General Election and Police and Crime Commissioner Election.

Chief Officers and Heads of Service whose grades offer incremental progression must achieve at least a 'satisfactory' judgement in their annual appraisal process to advance to the next incremental point within grade.

Monmouthshire County Council publishes pay details for Chief Officers on the website. The information can be found in the 'Statement of Accounts.'

Up to 29 February 2024, Monmouthshire County Council was the 'host' local authority for the employment of the Cardiff Capital Region City Deal – Programme Director. This post was being hosted by Monmouthshire County Council on behalf of the City Deal Partnership and was wholly funded by the City Deal Partnership. Under the Local Authorities (Standing Orders) (Wales) Regulations 2006, as amended in 2014, this post had been reported and approved by Council and had been the subject of a referral to the Independent Remuneration Panel. With effect from 1 March 2024, the Cardiff Capital Region City Deal became established as a Corporate Joint Committee and, consequently, Monmouthshire County Council ceased to be the 'host' local authority for the employment of the Cardiff Capital Region City Deal – Programme Director.



6. PAY INFORMATION – EMPLOYEES ON ‘GREEN BOOK’ TERMS AND CONDITIONS REFERRED TO AS “OPERATIONAL MANAGERS”

Operational Managers are those who fall within the definition of Deputy Chief Officer but who are paid on JNC terms and conditions rather than Chief Officers’ terms and conditions. Their salaries span from Grades I – M, with the lowest being SCP 31 (£40,476) and the highest being SCP 51 (£61,848).

7. PAY INFORMATION FOR NJC (NATIONAL JOINT COUNCIL) ‘GREEN BOOK’ EMPLOYEES

All National Joint Council (NJC) ‘Green Book’ positions within Monmouthshire County Council have been subject to a job evaluation process using the Greater London Provincial Council (GLPC) scheme, backdated to 1 April 2009, following the signing of a collective (SINGLE STATUS) agreement with UNISON and GMB on 2 December 2010. Monmouthshire County Council has linked the scores from the job evaluation results directly to the NJC pay structure.

Monmouthshire County Council’s grading structure has 13 grades with 5 increments in ten of the grades, 4 increments in one of the grades, 3 increments in one of the grades and 2 increments in one of the grades. Grades span across spinal column points (SCP) 2 - 51 with associated salaries from £23,656 (SCP 2) to £61,848 (SCP 51). More information about the Greater London Provincial Council (GLPC) Job Evaluation Scheme and the pay grades can be found in the Council’s Single Status Collective Agreement.

Appendix One: NJC (Green Book Local Government Employees LGE) pay scales effective 1 April 2024 – 31 March 2025.



The individual basic salaries of all officers within the scope of JNC 'Green Book' terms and conditions increased by £1,290 (for SCP 2-43) and 2.50% (for SCP 44-51), with effect from 1 April 2024. The pay agreement covers the period 1 April 2024 to 31 March 2025.

Additional payments are made to this employee group as detailed in Monmouthshire County Council's Local Single Status Agreement. The types of additional payments made include:

- Weekend Working payments are made for Saturday (time and a quarter) and Sunday (time and a half).
- Bank Holiday – Paid at double time (JNC Bands A-F) or plain time plus a day off in lieu (JNC Band G and above).
- Night Workers – Employees who work night shifts between the hours of 10.00pm and 6.00am are paid time and a third.
- Overtime can be paid for employees who are requested to work in excess of 37 hours and who are paid on JNC Bands A-F.

Examples of other payments that could be made are first aid allowance, and relocation payments. Monmouthshire County Council does not reimburse the payment of professional registration or subscription fees, for any employee/group of employees.

Apprentices

As of 1 April 2021, the Council implemented an Apprenticeship pay structure which aligns with the Council's minimum rates of pay and ensures an appropriate and consistent rate of pay across all apprentice roles regardless of the qualification framework.

The Apprentice First principle has also been adopted, which means that and posts to be recruited to which as job evaluated as Band D or below (£26,409) must be considered as an apprenticeship opportunity prior to being advertised.



8. PAY INFORMATION – EMPLOYEES OTHER THAN ‘GREEN BOOK’ AND CHIEF OFFICERS

Monmouthshire County Council also has employees on other national terms and conditions, i.e. JNC Soulbury and Teacher terms and conditions. Pay for these groups of employees is based on the relevant nationally agreed rates of pay.

National Pay Grades – Soulbury Committee.

The Soulbury Committee has its own pay scales and includes the following groups of employees:

- Educational Inspectors and Advisers
- Educational Psychologists

In addition to the annual pay increase, the Soulbury Committee determines the national salary framework. The Council will pay future pay rises as and when determined in accordance with contractual requirements.

Teachers’ Pay Policy

The Teachers Pay Policy provides a framework for making decisions on Teachers’ pay. It has been developed to comply with the requirements of the School Teachers’ Pay and Conditions Document (STPCD) and has been the subject of consultation with teaching trade unions. A model Policy is provided to all schools each year with a recommendation from the Council that the Governing Body adopt it and publishes it on the school’s website. The individual basic salaries of all teachers within the scope of the School Teachers Pay and Conditions Document (STPCD) increased by 5.5% with effect from 1 September 2024. The pay agreement covers the period 1 September 2024 to 31 August 2025.

9. INCREMENTAL PROGRESSION

For employees on JNC terms and conditions of employment, the ‘Green Book’, incremental progression is automatic. Increments are normally awarded on 1 April each year. Where Chief Officers and Heads of Service have incremental pay grades, progression is normally on 1 April each year.



10. RECRUITMENT - SALARY ON APPOINTMENT

Recruiting and retaining our most talented colleagues is important to us. The Council achieves fair selection through transparent, equitable and non-discriminatory policies and practices that enable the fair treatment of applicants as well as demonstrating a broader commitment to the principles of safeguarding and equality and diversity.

In line with our Recruitment and Selection (Safer Recruitment) Policy, jobs are advertised on the agreed grade/range for that particular job. Information regarding the minimum and maximum pay is provided in the advertisement. In practice, most appointments are made at the bottom of the grade range. However, there is discretion to appoint at a higher point on the range. This would normally only apply if there is a need to match a candidate's current level of pay.

11. PAY REVIEW – ALL EMPLOYEES

All pay is reviewed in line with the national pay awards negotiated for the cost of living increases when these occur.

12. MARKET SUPPLEMENTS

It is recognised that there will be exceptional occasions where the market rate for certain key jobs is higher than that provided for by the new pay and grading structure. In these circumstances, the grading of the post will be reviewed in accordance with the Market Forces Supplement Policy. All market forces supplement payments must be approved by the Job Evaluation Panel.

13. HONORARIA AND ACTING UP PAYMENTS

Monmouthshire County Council has a policy for an additional payment to be made where an employee acts up into a post at a higher level of pay or where they undertake additional duties on a temporary basis. The Honoraria Policy is applicable to all employees (except teaching employees) and all honoraria payments must be approved by the Job Evaluation Panel.



14. ADDITIONAL PAYMENTS

- Travel - business mileage incurred by an employee is refunded at the HMRC rate, in line with our Travel and Reimbursement Policy.
- Relocation - Monmouthshire County Council may provide financial assistance to new recruits as part of the employment package under the terms of our Relocation Policy.
- Returning Officer Fees - the appointment of Electoral Registration Officer is required by S8 of the Representation of the People Act 1983 and the appointment of the Returning Officer by S35 of the Representation of the People Act 1983.
- In Monmouthshire County Council, the role of the Electoral Registration Officer and Returning Officer is held by the Chief Executive Officer. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. Local Authorities have the discretion to set the fee for local elections. In the Council the fee for local elections is set in line with the fee agreed for the Welsh Government elections.

15. MULTIPLIERS

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Local Authority's workforce.



The multiples of pay for Monmouthshire County Council are as follows:

- Multiple between lowest paid FTE employee and CEO is 6:1 (same as previous year)
- Multiple between lowest paid FTE employee and average chief officer is 4:1 (3:1 in the previous year)
- Multiple between the median FTE employee and CEO is 5:1 (4:1 in the previous year)
- Multiple between the median FTE employee and the average chief officer is 3:1 (2:1 in the previous year).

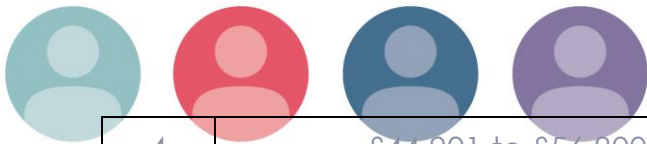
16. PAYMENTS/CHARGES AND CONTRIBUTIONS

All Monmouthshire County Council employees (except teachers) are entitled to join the Local Government Pension Scheme (LGPS) which is offered by the Local Government Employers. If employees are eligible, they will automatically become a member of the scheme under the auto enrolment provisions (to join they must have a contract for at least 3 months duration and be under the age of 75).

Employees can decide to opt out of the scheme within one month of auto enrolment. The benefits and contributions payable under the pension fund are set out in the LGPS regulations. All employees who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table:

Local Government Pension Scheme deduction percentages (01/04/2024):

Contribution table 2024/25			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%



4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

17. DISCRETIONARY PAYMENTS

The policy for the award of any discretionary payments is the same for all employees regardless of their pay level. The following arrangement applies for redundancy payments under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

- Payment of an overall lump sum of 1.7 times the statutory redundancy payment multiplier based on actual weeks' pay up to a limit of Spinal Column Point 43. This is payable to employees (not those on teaching terms and conditions of employment) made redundant with 2 or more years local government service regardless of their age, subject to them being eligible to join the pension scheme. This is in accordance with our (corporate) Protection of Employment Policy.
- Monmouthshire County Council introduced the real Living Wage (RLW) in April 2014. Monmouthshire County Council isn't accredited for the Real Living Wage, and it is optional for it to apply any Real Living Wage pay increases when they arise.

18. DECISION MAKING

Making or confirming the appointment of the Chief Executive and other Chief Officers is a function of Council. Details of exit payments will be approved by the relevant Chief Officer (and Chief Executive for settlement agreements) in consultation with the Cabinet Member and must have robust business cases justifying departure and representing value for money. Any exit payment in excess of £95,000 will be reported to Full Council.

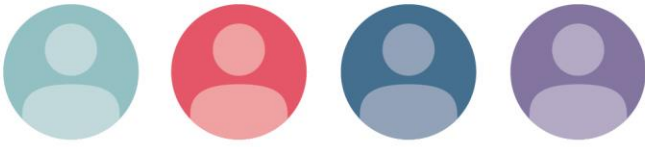


19. REVIEW OF THE POLICY

This Pay Policy outlines the current position in respect of pay and reward within the Council and it will be reviewed over the next year to ensure it meets the principles of fairness, equality, accountability, and value for money for the citizens of Monmouthshire.

The Policy will be reviewed annually and reported to Council in line with the requirement of the Localism Act 2011. In November 2021, Welsh Government published guidance 'Pay Accountability within Local Government'. When reviewing the Pay Policy for 2024/25, much of the guidance has been taken into consideration.

Any further necessary amendments, prior to the next annual review and following implementation of the new provisions referred to within the Local Government and Elections (Wales) Act 2021, as set out within the body of this policy can be undertaken under permitted powers pursuant to section 39 of the Localism Act 2011.



Appendix 1

NJC (Green Book Local Government Employees LGE) pay scales effective 1 April 2024 – 31 March 2025.

SCP	Pay Bands	Salary 01/04/2024	Hourly Rate	SCP	Pay Bands	Salary 01/04/2024	Hourly Rate
1		DELETED		25	G (23-27)	35235	£18.26
2	A (1-3)	23656.00	£12.26	26		36124	£18.72
3		24027.00	£12.45	27		37035	£19.20
4	B (3-5)	24404.00	£12.65	28		37938	£19.66
5		24790.00	£12.85	29	H (27-31)	38626	£20.02
6	C (5-8)	25183.00	£13.05	30		39513	£20.48
7		25584.00	£13.26	31		40476	£20.98
8		25992.00	£13.47	32		41511	£21.52
9		26409.00	£13.69	33	I (31-35)	42708	£22.14
10		26835.00	£13.91	34		43693	£22.65
11	D (9-13)	27269.00	£14.13	35		44711	£23.17
12		27711.00	£14.36	36		45718	£23.70
13		28163.00	£14.60	37	J (35-39)	46731	£24.22
14		28624.00	£14.84	38		47754	£24.75
15		29093.00	£15.08	39		48710	£25.25
16	E (14-18)	29572.00	£15.33	40		49764	£25.79
17		30060.00	£15.58	41	K (39-43)	50788	£26.32
18		30559.00	£15.84	42		51802	£26.85
19		31067.00	£16.10	43		52805	£27.37
20		31586.00	£16.37	44		53918	£27.95
21	F (19-23)	32115.00	£16.65	45	L (43-47)	54994	£28.51
22		32654.00	£16.93	46		56088	£29.07
23		33366.00	£17.29	47		57141	£29.62
24	G (23-27)	34314.00	£17.79	48		58317	£30.23
				49	M (47-51)	59495	£30.84
				50		60672	£31.45
				51		61848	£32.06
	Real Living Wage* Rate WEF	01/04/2023 01/04/2024	£10.90 £12.00				

*Hourly rate calculated by dividing Annual Salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week in the National Agreement 'Green Book')

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

Meeting and Date of Meeting: County Council 6th March 2025

Report: Officer Appointments

Author: Debra Hill-Howells

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

Exemptions applying to the report:

This report will be exempt under paragraph 12 of Schedule 12A – Information relating to a particular individual

Factors in favour of disclosure:

Openness & transparency in matters concerned with the public

Prejudice which would result if the information were disclosed:

Personal information relating to a recruitment process will be released prior to confirmation of the appointment of the successful candidate,

My view on the public interest test is as follows:

Factors in favour of disclosure are outweighed by those against.

Recommended decision on exemption from disclosure:

Maintain exemption from publication in relation to report

Date: 16th February

Signed: 

Post: Interim Chief Officer - Infrastructure

I accept/I do not accept the recommendation made above

Signed:

Date:



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

Meeting and Date of Meeting: County Council 6th March 2025

Report: Officer Appointments

Author: Ian Saunders

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

Exemptions applying to the report:

This report will be exempt under paragraph 12 of Schedule 12A – Information relating to a particular individual

Factors in favour of disclosure:

Openness & transparency in matters concerned with the public

Prejudice which would result if the information were disclosed:

Personal information relating to a recruitment process will be released prior to confirmation of the appointment of the successful candidate,

My view on the public interest test is as follows:

Factors in favour of disclosure are outweighed by those against.

Recommended decision on exemption from disclosure:

Maintain exemption from publication in relation to report

Date: 16th February

Signed: 

Post: Chief Officer, Customer, Culture & Wellbeing

I accept/I do not accept the recommendation made above

Signed:

Date:

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

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