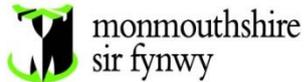


Public Document Pack



Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

County Hall
Rhadyr
Usk
NP15 1GA

Tuesday, 24 February 2026

Dear Councillor

CABINET

You are requested to attend a **Cabinet** meeting to be held at **Steve Greenslade Room, County Hall, Usk** on **Wednesday, 4th March, 2026**, at **4.30 pm**.

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Consideration of reports from Scrutiny Committees 1 - 10
4. CASTLEWOOD - LOW COST HOME OWNERSHIP FUTURE USE 11 - 32

Division/Wards Affected: Usk and adjoining areas

Purpose: To approve the purchase of a Low Cost Home Ownership (LCHO) property at Castlewood, Usk, NP15 1SR following receipt of the owner's intent to sell.

To approve utilising a proportion of the sale proceeds from 21 Castlewood to cover essential works that were directly attributable to the sale of 21 Castlewood.

Author: Louise Corbett, Strategy and Policy Officer

Contact Details: louisecorbett@monmouthshire.gov.uk

5. DERI VIEW REFURBISHMENT 33 - 50

Division/Wards Affected: All

Purpose: This report seeks Cabinet approval for additional funding to address essential health and safety works at the former Deri View Primary School, ensuring the building is ready for Ysgol Gymraeg Y Fenni to occupy in September 2026.

Authors: Will McLean, Nick Keyes, Nikki Wellington

Contact Details: willmclean@monmouthshire.gov.uk

nicholaskeyes@monmouthshire.gov.uk
nicolawellington@monmouthshire.gov.uk

6. DRAFT MONMOUTHSHIRE LOCAL GROWTH FUND (LGF) INVESTMENT PLAN 26/27 51 - 74

Division/Wards Affected: All

Purpose: To inform Cabinet of the UK Government's new Local Growth Fund (LGF) and seek approval for the granting of investment from LGF for 2026/27 to projects listed in Appendix One of this report.

Authors: Will McLean Strategic Director – Children, Learning, Skills, and Economy
Hannah Jones, Head of Economy Employment and Skills

Contact Details: willmclean@monmouthshire.gov.uk
hannahjones@monmouthshire.gov.uk

7. REVENUE AND CAPITAL BUDGET 2026/27 - FINAL PROPOSALS FOLLOWING SCRUTINY AND PUBLIC CONSULTATION 75 - 220

Division/Wards Affected: All

Purpose: To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 21st of January 2026 in respect of the Capital and Revenue budgets for 2026/27.

To make recommendations to Council on the Capital and Revenue budgets including the level of Council Tax for 2026/27.

To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.

To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.

Author: Jonathan Davies – Head of Finance (Deputy S151 officer)

Contact Details: jonathandavies2@monmouthshire.gov.uk

Yours sincerely,

Paul Matthews
Chief Executive

CABINET PORTFOLIOS

County Councillor	Area of Responsibility	Ward
Mary Ann Brocklesby	<p>Leader Lead Officers – Paul Matthews, Matthew Gatehouse, Peter Davies, Will Mclean</p> <p>Whole Authority Strategy and Direction Whole authority performance review and evaluation, including DDAT Relationships with Welsh Government, UK Government and local government associations Regional Relationships including CJsCs. PSBs and cross boarder Emergency Planning</p>	Llanelly
Paul Griffiths	<p>Cabinet Member for Planning and Economic Development Deputy Leader Lead Officers – Will McLean, Craig O'Connor</p> <p>Economic Strategy Skills and Employment Replacement Local Development Plan Placemaking and the development of market and affordable housing Placemaking and Transforming Towns Car parking and civil parking enforcement Development Management Building Control</p>	Chepstow Castle & Larkfield
Ben Callard	<p>Cabinet Member for Resources Lead Officers – Peter Davies, Matt Gatehouse</p> <p>Finance including MTFP and annual budget cycle Revenue and Benefits Human resources, payroll, health and safety Land and buildings Property maintenance and management Strategic procurement</p>	Llanfoist & Govilon
Laura Wright	<p>Cabinet Member for Education Lead Officers – Will McLean, Deb Hill-Howells</p> <p>Early Years Education All age statutory education Additional learning needs/inclusion Post 16 and adult education School standards and improvement</p>	Grofield

	<p>Community learning Sustainable communities for learning Programme Youth service School transport</p>	
Ian Chandler	<p>Cabinet Member for Social Care, Safeguarding and Accessible Health Services Lead Officer – Jane Rodgers</p> <p>Children’s services Fostering & adoption Youth Offending service Adult services Whole authority safeguarding (children and adults) Disabilities Mental health Wellbeing Relationships with health providers and access to health provision</p>	Llantilio Crossenny
Catrin Maby	<p>Cabinet Member for Climate Change and the Environment Lead Officers – Debra Hill-Howells, Craig O’Connor,</p> <p>Decarbonisation Transport Planning Highways and MCC Fleet Waste management, street care, litter, public spaces and parks Pavements and Back lanes Flood Alleviation Green Infrastructure, Biodiversity and River health</p>	Drybridge
Angela Sandles	<p>Cabinet Member for Equalities and Engagement Lead Officers – Matthew Gatehouse, Paul Matthews, Jane Rodgers, James Williams</p> <p>Community development, inequality and poverty (health, income, nutrition, disadvantage, discrimination, isolation and cost of living crisis) Citizen engagement and democracy promotion including working with voluntary organisations Citizen experience - community hubs, contact centre, and customer service and registrars, communications, public relations and marketing Leisure centres, play and sport Public conveniences Electoral Services and constitution review Ethics and standards Welsh Language Trading Standards, Environmental Health, Public Protection, and Licencing</p>	Magor East with Undy

Sara Burch	Cabinet Member for Rural Affairs, Housing & Tourism Lead Officers – Craig O'Connor, Jane Rodgers Local Food production and consumption, including agroforestry and local horticulture Homelessness, Temporary accommodation, private sector housing, (empty homes leasing schemes, home improvement loans, disabled facilities grants and adaptive technology), Allocation of social housing Broadband connectivity Active Travel Countryside Access and Rights of Way Tourism Development and Cultural Services	Cantref
------------	---	---------

Public Information

Please note that Monmouthshire County Council will film this meeting and it will be made available to view in live and archive form online. It is possible that the public seating areas could be filmed and by entering the Chamber you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting purposes. If you make a representation to the meeting you will be deemed to have consented to being filmed.

Recordings of the meeting will be stored in accordance with the Council's data retention policy. Archived webcasts or parts of webcasts shall only be removed from the Council's website if the Monitoring Officer considers that it is necessary because all or part of the content of the webcast is or is likely to be in breach of any statutory provision or common law doctrine, for example Data Protection and Human Rights legislation or provisions relating to confidential or exempt information.

Aims and Values of Monmouthshire County Council

Our purpose

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

Objectives we are working towards

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

Our Values

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

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

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

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

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

Monmouthshire Scrutiny

Performance and Overview Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 10th February 2026

Report Item 4: Financial Update

Members focused their questions on the financial pressures across schools, children's services, housing, capital projects, and overall budget sustainability. They asked about the timescales and monitoring of recovery plans for schools in deficit, the drivers of external legal spend in children's services, and the causes and resolution of overspends in housing, including the impact of the Severn View delay. Several questions probed the management of rising school deficits, staffing-driven cost pressures, the effectiveness of surplus recovery measures, and differences in school risk categorisation. Members also queried whether the reported £1.1m surplus was structurally sound or reliant on one-offs, how the Council would tackle growing ALN and social care pressures, and whether capital slippage reflected performance issues or timing. Further questions challenged the structural sustainability of the overall budget, sought clarification on debt financing gains, and explored trends in debt recovery, particularly in social care. Members also requested data on leisure centre performance, asked about passenger transport overspends, the impact of Storm Claudia on the capital programme and EFAS rules, monitoring of contractor charging regimes, and the incremental changes schools plan during multi-year budget recovery.

Chair's Conclusion:

The Chair thanked the Cabinet Member for the report and their responses to the committee's questions.

Report Item 5: Draft Revenue & Capital budget proposals

Questions centred on the balance between council tax increases, service protection, and efficiency. Members asked whether a 5.95% rise – and over 30% cumulative increases in recent years – was reasonable and whether the Council was doing enough to transform services rather than relying on tax rises. They queried the justification for council tax increases outpacing inflation, and whether the budget would allow the Council to address potholes, including capacity constraints and the long-term costs of temporary repairs. Members asked about the level of Welsh Government support for the Chainbridge works, whether the £1m uplift to schools

Monmouthshire Scrutiny

covered pay and ALN pressures, and whether National Insurance funding would be adequate. They also sought assurance on the Council's resilience to extreme weather events, raised concerns about reactive versus proactive highways maintenance (highlighting the Llanthony landslip), and asked whether the proposed 3.8% rise in fees and charges would apply uniformly. Further questions looked at whether the additional £5.5m for Highways could support technology or staffing improvements for hot-potholing, and whether any funding could be ring-fenced for footways and rights of way.

Chair's Conclusion:

The Chair thanked the members for their questions, and the Cabinet Member and officers for the report and their responses.

Performance & Overview Scrutiny 10th February 2026

1. Apologies for Absence

Jill Bond, Su McConnel as substitute. Clare Werrett.

2. Declarations of Interest

None.

3. Public Open Forum

None.

4. Financial Update – To scrutinise the budgetary position (revenue and capital) for services falling within the committee's remit.

Cabinet Member Ben Callard introduced the report and answered the members' questions with Jonathan Davies, Jane Rodgers, Tyrone Stokes, Will McLean, Craig O'Connor and Peter Davies:

What is the timetable for the recovery plans for the three largest deficit schools and how will progress be monitored?

The recovery period is expected to be 8-10 years, aiming for incremental change to avoid drastic impacts. The Council is working closely with the schools, focusing on sustained surplus periods to recover deficits. Responsibility for school budgets lies with governing bodies, and the Council is supporting restructuring and increasing funding.

Are there any opportunities to reduce the reliance on external legal spend in children's services, or is this largely unavoidable? Is there a link to the £332,000 reduction from Welsh Government?

The increase in external legal fees is due to specific complex cases requiring external barristers, which is unavoidable and expected to be one-off. Some pressure will remain, and additional costs are included in next year's budget proposals. The reduction in the Welsh Government family support grant is not connected to the overspend in legal services. The legal overspend is due to volatile, high-cost cases, not grant changes.

What is the recovery plan for housing, and when is the service expected to return to budget?

The housing budget is in transition, with overspend due to delayed opening of Severn View and high costs for property handovers. Severn View is now fully operational, which should help recuperate costs, and processes around handbacks are being reviewed. The delayed opening of Severn View and additional costs for repairs after tenant handovers contributed to the overspend. Full savings are expected next year as occupancy is now established.

Does the Council finance the school deficits over the eight-year recovery period, and where is this reflected in financial reporting? How do we manage the fact that the deficits continue to increase, and are all schools given eight years?

The Council carries the school deficits on its balance sheet as a negative, which means it foregoes income on those balances. The situation is expected to worsen before improving, and the eight-year recovery period is mainly for comprehensive schools to allow a stable transition. The responsibility

for school budgets lies with the governing bodies, and incremental changes are being made to address deficits.

What specific steps are required to bring the school reserves deficit down?

The main cost driver is staff costs. Schools may need to restructure to realise savings, and the Council is increasing funding to support this. Any reduction in staff is to be handled sensitively and at a controlled pace. For high-risk primary schools, tripartite meetings with finance, school improvement, inclusion, and HR colleagues are held to analyse cost drivers and put in early steps to address expenditure. Early decisions on savings have a significant impact, and the Council is working with schools to arrest and improve deficit positions.

Is the headline surplus of £1.1 million more cosmetic than structural, since it is largely driven by grants, financing movements, and vacancies rather than genuine structural control? How are we going to address that?

The surplus is supported by significant one-off grants and changes in debt financing, but the Council would still be in a reasonably strong financial position without them. Reliance on grants is acknowledged, but over £9 million in savings have been delivered, and ongoing efforts focus on making services more efficient and sustainable.

With rising spend and a £462,000 overspend on additional learning needs (ALN), and reliance on external providers, how will the Council deal with this structural pressure that is likely to grow?

The Council continues to see pressure in health and social care, but efforts are being made to improve efficiency and sustainability. The positive position is attributed to ongoing work, though challenges remain.

Is capital slippage in delivery of projects growing, and is this a matter of timing rather than performance? Are projects just being delayed, with benefits postponed?

There is over £20 million of slippage, mainly due to factors outside the Council's direct control, such as reliance on external expertise and regional delays. Timing estimates were likely overly optimistic, and the Council is working to refine these. About half the slippage is financed by borrowing, which delays borrowing but also delays project benefits.

Is the current budget structurally sustainable, or are we just pushing tomorrow's problems forward, given that the surplus is driven by vacancies, grants, and timing, while schools, ALN, and housing pressures worsen?

The Council recognizes the need for vigilance and ongoing improvement, noting that while the current position is positive given the challenging environment, reliance on one-off grants and ongoing pressures mean future risks remain.

Can we have commentary on improvements in debt financing budget – how was the gain achieved, and is it something we can repeat in the future?

The improvement was due to factors such as delayed borrowing (from capital slippage), better-than-expected investment returns, and cautious forecasting. While some gains may be one-off, the Council will continue to monitor and base future estimates on available data but expects more cost next year as the capital programme grows.

Is debt financing the same as borrowing, and are gains from surplus cash investments shown separately in the budget?

Debt financing includes both the cost of borrowing (interest and principal repayments) and investment income from surplus cash. The consolidated position is reported, netting off investment income against loan costs.

Is the better outcome simply a reflection of a sensibly cautious approach by the Council?

The Council always takes a sensibly cautious approach, prioritizing stability and security of funds before seeking returns, in line with treasury management principles.

There seems to be a contradiction in the report about debt recovery rates, particularly in social care – are they declining or stable?

The debt position in social care has seen a steady increase in recent years. The reference to stabilization refers to a recent quarter where the debt did not increase, which is positive, but the underlying trend remains upward. Most of the debt is secured, often due to deferred payments or legal processes like establishing power of attorney. The increase in debt correlates with more residents entering care homes, where charges are higher and payment can be delayed. The Council tracks this closely and takes proactive action to recover unsecured debt, including legal processes when necessary. Efforts are being made to ensure financial arrangements are established early, especially for those entering care homes, to mitigate future unsecured debt.

Can we have a breakdown of leisure centre performances, with Caldicot particularly in mind, to see the impact of investment and membership trends?

Membership has increased across all leisure centres, including Caldicot, which grew from 872 to 2,000 gym memberships since 2022/23. Caldicot is a strategic focus for further improvement, and more detailed figures will be provided. – **ACTION: to provide detailed figures**

What alternative savings or service redesign options are being examined in passenger transport, given the overspend and unachievable efficiencies due to statutory requirements?

The overspend is due to unrealised savings from realigning qualifying distances for free home-to-school transport. The Council reviewed routes and reinstated free transport where routes were deemed unsafe. No further savings are being sought in this area for the next year; the budget will remain flat, and no further route reassessments are planned. The focus remains on balancing value with ensuring children's safety.

How will the Council safeguard the capital programme and ensure recovery works from Storm Claudia don't displace other strategic investment priorities, given significant uninsured damage and limited Welsh Government funding?

The Council is in ongoing discussions with Welsh Government, using the Emergency Financial Assistance Scheme (EFAS) to secure 85% funding above the £455,000 threshold for immediate response and recovery costs. However, EFAS does not cover significant infrastructure impacts like the £9 million (with £3.5 million uninsured). The Council is providing further information to Welsh Government and expects to secure funding for current year costs, but most recovery work will occur in the next financial year and beyond, requiring continued dialogue with the next Senedd

administration. Other large unfunded capital schemes will be considered on their merits, with business cases and further discussions with Welsh Government for funding.

If another storm occurs, is the EFAS threshold set per event or for the whole year?

The threshold is for the whole financial year; once breached, 85% of costs for any further events will be covered.

Are contractor charging regimes for school capital works and maintenance being thoroughly reviewed, and is the Council actively monitoring these costs to support schools?

The Council is aware of specific cases of apparently excessive costs and has referred them to property services and the head of landlord services for review. The Council is confident in its best value duty and is working closely with schools. The partnership with Ardal and Cardiff has been strengthened, with support extended directly to schools, including procurement and property services advice.

What incremental changes are high-risk comprehensive schools planning to make over the 8-10 year period to bring their budgets back into balance?

Schools mainly address deficits by reviewing staffing structures, class arrangements, and teaching assistant deployment, possibly reducing headcount. Secondary schools may adjust curriculum breadth and delivery.

Why are some schools classified as low risk (green) and others as high risk? Are there specific examples or events causing differences in spending?

Each school's context differs – workforce stability, staff absence, and external factors can drive overspends. Schools are expected to create and adhere to realistic recovery plans. If a school fails to meet its recovery plan, the local authority can intervene, issue a formal warning notice, and potentially remove the delegated budget, taking direct control of financial decisions.

Are schools linked together to help each other improve financial management?

Among the four secondary schools, effective business managers have worked collectively to share best practices and support each other, though capacity to help can be affected by ongoing savings efforts.

Chair's Summary:

Thank you to the Cabinet Member and officers. The report was moved.

5. Draft Revenue & Capital budget proposals – To scrutinise the 2026/27 Draft Revenue and Capital Budget Proposals.

Cabinet Member Ben Callard delivered a presentation, introduced the report and answered the members' questions with Will McLean and Debra Hill-Howells:

With a proposed 5.95% council tax increase, meaning over 30% rise in recent years, is it reasonable to ask residents to bear this burden? Are we doing enough on efficiency and spend control, and are we prioritising correctly between services and tax burden?

Increasing council tax is not an easy choice, and there are no easy options when setting the budget. The Council can either reduce services or increase tax to maintain or improve them. The draft budget includes over £2 million in service efficiencies, and over £9 million in savings were delivered in the last year, with tens of millions saved in previous years. Residents express a desire for better services, especially in care and schools, and the Council aims to protect these. The cumulative council tax increase reflects high inflation and external pressures, but the alternative – cutting vital services – is considered worse. Councillors themselves pay council tax, and the decision to raise it is made reluctantly to protect services and vulnerable residents.

Is it a false dichotomy to present the choice as either high council tax increases or service cuts? Shouldn't the Council focus on transforming service delivery, as businesses do, rather than simply increasing costs?

The Council has been transforming how it delivers services, with over £9 million in savings in the last year and more than £50 million over the past decade. Transformation includes investing in homes for looked-after children and reablement strategies in social care, targeting resources efficiently. Many businesses would leave the market if faced with the legal obligations councils have. The draft budget balances service demands with targeted investment and measured efficiency, continuing the Council's transformation.

How can the Council justify council tax increases that are 10 percentage points above UK inflation rates over the last five years?

Council tax is a fixed cash sum, not a percentage, so it must increase to cover rising costs, especially staff wages, which are a major expense. Unlike income tax, which rises automatically with pay, council tax must be raised explicitly. The Council faces growing demand and complexity in services, such as an aging population and additional support needs in schools. The extra income from Welsh Government and council tax goes directly into services. Despite the large numbers, the Council believes it delivers value for money and will continue to do so.

Does this budget ensure we can address all potholes at speed? Is there sufficient capacity for speedy repairs?

The budget invests significantly more in pothole repairs, but the backlog is over £60 million, so not all potholes can be fixed. Capacity is also a structural issue; even with more funding, contractor and internal resources can't be expanded overnight. Reporting potholes helps to prioritise urgent repairs.

Does temporary pothole repair (cold fill) cause greater long-term costs, and is it counterintuitive?

Temporary patching is used for immediate safety concerns. While it may seem wasteful, it buys time until more thorough resurfacing can be scheduled. The approach prioritises safety but is acknowledged as frustrating and resource-consuming.

Is the £5 million for Chainbridge repair supported by Welsh Government assistance?

50% of the Chainbridge repair funding comes from Welsh Government, following extended negotiations.

Does the £1 million over inflation fully cover 2026/27 pay awards and ALN pressures? Is the allocation £96 per child, regardless of school type?

Pay and pension costs for teachers are fully funded, and the £1 million is additional. The £96 per pupil relates to the extra £1 million, with actual funding higher due to other lines. Allocation follows the current formula. ALN funding is also increased.

Will there be a shortfall in National Insurance funding next year, as seen this year?

All services, including schools, will be given full allowance for National Insurance costs next year. Any shortfall is managed by the authority, not by individual services.

Is there financial resilience in the budget against the possibility of another extreme weather event next year, such as Storm Claudia?

The Council is proposing a contingency fund of £850,000 for the next financial year, similar to the previous year, to respond to such events. Assets that are insurable are insured, but highways infrastructure is not. The Council works with Welsh Government for support on losses from extreme weather.

The Llanthony landslip was due to a lack of proactive maintenance, specifically overgrown trees becoming waterlogged, falling, and causing the road to slip. Is reactive spending on barriers and investigations not more costly than proactive road network maintenance?

The challenge is acknowledged, especially in rural areas like Monmouthshire, where adjoining land issues (such as tree maintenance and field runoff) impact road infrastructure. The Council works with landowners to address these issues, but the rural and hilly terrain makes proactive management difficult and consequences more severe, as seen in Llanthony.

Would the proposed 3.8% rise in fees and charges (affecting planning, car parking, leisure centres, etc.) apply across all areas or only some?

The 3.8% increase is applied across the board to all relevant fees and charges, updating them in line with inflation. These charges affect only residents who use the specific services.

Can any of the extra £5.5 million for Highways be used for new technology, machinery, or staff training to increase hot potholing, and can a proportion be ring-fenced for footways and rights of way?

£0.5 million is allocated specifically for footpath maintenance, with a planned maintenance scheme being developed. Currently, none of the funding is earmarked for new technology; it is all directed toward bridge maintenance, repairs, and resurfacing of existing carriageways.

Chair's Summary:

Thank you to the members for their questions, and to the Cabinet Member and officers for the report and their answers today. The report was moved.

6. Council and Cabinet Work Planner

Noted.

7. Performance and Overview Work Planner and Action Lists

- P&O Action List 18th November 25

- P&O Special Action List 3rd Dec 25
- P&O Action List 27th Jan 26

Noted.

8. To confirm minutes of previous meetings

- 18th November 2025
- 3rd December 2025 (Special)
- 27th January 2026 (Special)

The minutes were agreed.

9. Next Meeting: 10th March 2026

This page is intentionally left blank



SUBJECT: CASTLEWOOD – LOW COST HOME OWNERSHIP FUTURE USE

MEETING: CABINET

DATE: MARCH 2026

DIVISION/WARDS AFFECTED: USK AND ADJOINING AREAS

1. PURPOSE

- 1.1 To approve the purchase of a Low Cost Home Ownership (LCHO) property at Castlewood, Usk, NP15 1SR following receipt of the owner's intent to sell.
- 1.2 To approve utilising a proportion of the sale proceeds from 21 Castlewood to cover essential works that were directly attributable to the sale of 21 Castlewood.

2. RECOMMENDATIONS:

- 2.1 To agree to repurchase the property using the available LCHO capital funds.
- 2.2 To retain the property in the council's ownership on a temporary basis before marketing the property for sale again in 2026. If a purchaser cannot be identified in Spring/Summer 2026, it is proposed that the property is used as temporary accommodation in the interim before selling at a later date.
- 2.3 To agree to improvement works.
- 2.4 To agree to utilise a proportion of the sale proceeds from 21 Castlewood for essential works.

3. KEY ISSUES

- 3.1 In 1989/90 eleven properties were constructed in Usk under a 'Build for Sale' scheme. This scheme had its own individual Welsh Office consent dated 7th March 1990 and was known as the 'Monmouthshire Model'. The scheme is a LCHO scheme, and the houses are arranged in three terraces consisting of one terrace of three dwellings and two terraces of four dwellings. The Council provides an equity loan (usually 30% but can be up to 50% if funding is available) of the purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is paid on the loan, but when the loan is repaid the amount repayable will be the same agreed percentage of the value of the property at the time. The Secretary of State for Wales agreed that the houses were to be sold to person's resident within the community of Usk and the immediate adjoining communities of Llanbadoc, Gwehelog Fawr and Llantrissant Fawr.
- 3.2 The LCHO Scheme Usk Policy & Procedure, May 2013 (**Appendix One**), indicates that a Cabinet decision was taken to enable the Council to repurchase the property. There is a pre-emption on the property that requires the seller to inform the Council of their intent to sell. The Council has two months to inform the vendor of their intent to purchase the property otherwise the property can be sold on the open market. The preference is for these properties to remain as LCHO and be sold onto a suitable household in housing need, however if a suitable applicant cannot be identified the Council can opt to re-purchase and retain. A precedent for this action was already set when the Council

- repurchased a property at the same scheme in 2017, another property in 2023 and another in 2024.
- 3.3 The property is a two-bedroom end-terraced house located in Usk. The property is in good condition, minor improvement works are required including redecoration, new internal doors (where missing), mechanical ventilation to the bathroom, replacement and additional insulation and minimal works to the garden. The option to further improve the energy efficiency of the property by fitting PV Panels with battery storage and installation of an air source heat pump has been disregarded due to the substantial cost. An indicative schedule of works based on work carried out to a property nearby sees the cost of works estimated at £15,000.
- 3.4 The owner of the property gave notice of their intent to sell the property in February 2025. They currently own the property with the Council providing a 50% equity loan. The property has been valued at £250,000 by the Council's Estates department, meaning that the owners' 50% equity share is worth £125,000. The property has been marketed on Monmouthshire Homesearch three times. The first time in February 2025 where a suitable purchaser was identified and offered the property. The conveyancing process began but in September 2025 the prospective purchaser withdrew from the process. The property was again marketed on Homesearch in October 2025 receiving eight expressions of interest. However, none of these applicants were able to evidence that they met the local connection or affordability criteria. It was advertised again in December 2025 and although a potential purchaser has been identified, completion of the sale is subject to a legal process. **This approval is therefore requested as a contingency measure should the sale not complete.**
- 3.5 Since April 2025 three other properties at Castlewood have become available and sales have completed. These properties were also advertised on Homesearch and suitable purchasers were identified and as such they will remain as LCHO. Given the number of sales achieved at Castlewood this year, should this sale not complete, it is proposed that the council remarket the property for sale in the Spring of 2026. If the council are unsuccessful in identifying a suitable purchaser an alternative use of the property could be to provide Temporary Accommodation (TA) to house a family. Levels of homelessness continue to be a major concern for the Council, and the Accommodation Team have confirmed they could utilise the property on a temporary basis. The Council continues to see several families at risk of homelessness and there is always demand for suitable, self-contained accommodation for families.
- 3.6 The LCHO and Home Finder Loan were historic schemes that provided an equity share loan to support households to access home ownership. A charge was placed on the properties meaning the loan must be repaid when the property is sold. There is £321,731.92 available within these budgets. Financial modelling is included in **Appendix Two**
- 3.7 The sale of 21 Castlewood has recently completed. Prior to the sale, while the Council was in full ownership, property checks undertaken during the conveyancing process identified a serious issue with the boiler. Following professional advice, it was agreed that a replacement boiler was required to ensure the property met the necessary standards and could achieve the maximum sales value. As these works were necessary and directly attributable to the sale of the property, it is proposed that the cost of £3,050 is reimbursed from the sale proceeds of the property.

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

- 4.1 The following is an overview of the evaluation, a more detailed breakdown can be found at **Appendix Three**: There financial implications associated with the proposal, but there

are significant positive impacts especially around health and wellbeing goals by contributing to a “healthier Wales” and a “more equal Wales”. The proposal meets the sustainability goal by its contribution to the following principles “Balancing short term need with long term and planning for the future”.

5. OPTIONS APPRAISAL

5.1 An options appraisal has been undertaken – see Table 1.

Table 1: Options Appraisal

Option	Benefit	Risk	Comment
<p>Option 1: The <u>recommended option</u> is to agree to re-purchase the property and market it for sale again in 2026.</p> <p>If interest to purchase The property remains low, then the property could be used as temporary accommodation in the interim period before marketing for sale at a future date.</p>	<p>The Council will retain control of the future use of this property. The property can be re sold on as LCHO in the future as the demand arises.</p> <p>The property will continue to provide an affordable home in Usk.</p> <p>If used as temporary accommodation, the property will generate a rental income.</p>	<p>There will be an impact on staff resources required to manage the accommodation including dealing with Repairs and maintenance and Any anti-social behaviour.</p> <p>If used as temporary accommodation, it does not meet the principles of the scheme, however this use would be on a temporary basis.</p> <p>The Council would be liable for the cost of the re-purchase of the property including purchase costs e.g. Land Transaction Tax, Land Registry etc. These can be funded Through the LCHO capital budget.</p>	<p>There is a high demand for Affordable accommodation throughout Monmouthshire, this allows a unit of affordable accommodation to remain within the Council’s control.</p> <p>If used a temporary accommodation, this would be on a temporary basis before the property is remarketed for sale.</p>
<p>Option 2: To allow the owner to sell on the open market</p>	<p>There is no financial or Resource risk to the Council.</p> <p>The Council would be repaid the full value of the 50% equity loan.</p>	<p>The Council would lose the control of this property and would have no influence over future sales of the property.</p>	<p>This does not meet the policy & procedure.</p>

6. REASONS

- 6.1 The Council is required to comply with the Castlewood Policy and Procedure updated May 2013 (see **Appendix One**).
- 6.2 The proposal supports the delivery of affordable accommodation by acquiring a property which will continue to be available as affordable accommodation. This may be through LCHO or use as temporary accommodation.

7. RESOURCE IMPLICATIONS

- 7.1 There will be an initial cost in terms of the capital required to re-purchase the property and carry out improvement works. These costs can be met through the existing LCHO Capital Budget. Once purchased, should the property remain empty there will be annual costs linked to council tax, utilities and any required repairs or maintenance. It is estimates that these costs would be in the region of £5,000 per annum.
- 7.2 Cost modelling has been provided in **Appendix Two**, this shows that the LCHO budget holds sufficient funds to enable the purchase and repairs required.
- 7.3 The Accommodation Team would manage the property if used a temporary accommodation.

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

9 BACKGROUND PAPERS: Castlewood Updated Policy and Procedure Document May 2013

10 AUTHOR(S): Louise Corbett, Strategy and Policy Officer

11 CONTACT DETAILS: louisecorbett@monmouthshire.gov.uk

APPENDIX 1

Low Cost Home Ownership Policy and Procedure



Appendix 1 - Castle
Wood, Usk Policy and

APPENDIX 2

Cost Modelling - Castlewood

Initial Cost	
Purchase Price	£125,000.00
Purchase costs (surveys, land registry)	£1,150.00
Land Transaction Tax	£6,250.00
Initial Refurb Costs	£15,000.00
LCHO Budget	-£321,731.92
Net Cost:	-£174,331.92

Annual Cost	
Mortgage/Borrowing Costs	N/A
Management & Maintenance	1,000
Void Rent Loss	
Arrears	
Utilities, CT and Legal	4,000
Safety - Gas, Electric, EPC	
Safety - Fire Testing	N/A
Furniture	N/A
Total	5,000
Rental Income	
Service Charge Income	N/A
Client Recharge	N/A
Total	0
Grant Total	5,000

MONMOUTHSHIRE COUNTY COUNCIL



LOW COST HOME OWNERSHIP SCHEME
USK

POLICY AND PROCEDURE DOCUMENT

May 2013

Appendix 1

Policy

It is the policy of Monmouthshire County Council to make the low-cost houses in Usk available for purchase to local people who might not otherwise be able to afford their own home within the area.

Background

In 1989/90 eleven properties were constructed in Usk under a 'Build for Sale' scheme. This scheme had its own individual Welsh Office consent dated 7th March 1990 and was known as the 'Monmouthshire Model'. The scheme is a low cost home ownership scheme and the houses are arranged in three terraces consisting of one terrace of three dwellings and two terraces of four dwellings.

The Council provides an equity loan (usually 30%, but can be up to 50% if funding is available) of the purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is paid on the loan, but when the loan is repaid the amount repayable will be the same agreed percentage of the value of the property at the time.

Categories of People Eligible to Apply

The Secretary of State for Wales agreed that the houses were to be sold to persons resident within the community of Usk and the immediate adjoining communities of Llanbadoc, Gwehelog Fawr and Llantrissant Fawr. However if the response from the identified communities is limited, consideration will be given to applicants with strong links to the Usk area, for example households who have had to move away in order to access accommodation and would like to return. If there is no response from the Usk area then the Council will cascade out to the immediately adjoining communities using community council boundaries.

In addition the properties are only offered to persons who meet one or more of the following categories:

1. The homeless
2. Existing housing association tenants
3. People on the Council's waiting list
4. First time buyers
5. People who have previously lived in the area but have had to move to access accommodation
6. People who have previously lived in the area and need to return in order to provide support to a dependent child or adult or to receive support from a principal carer
7. Applicants who are principally employed in the area (>20 hours per week)

Appendix 1

8. Applicants with a firm offer of employment in the area and who would otherwise be unable to take up the offer because of a lack of affordable housing.

The scheme was devised as a means of maintaining, in perpetuity, low cost home ownership in the Usk area, therefore the above criteria also applies to any subsequent resale.

Future Sales

In the Conveyance the purchaser grants a right of pre-emption to the Council. This means that when they want to sell the house they must first offer it to the Council. The Council then has two months in which to decide if it wants to buy back the house. The policy has always been to buy these houses back for immediate re-sale. However, if the council decides not to buy the house back, the owner can only sell to a person who fulfils the criteria mentioned above. Whether or not the council buys back the house, the price for which the property can be sold will be the equivalent percentage value of your home at the time you sell (e.g. 70%, 60% or 50%) of the market price at that time. This means that if you bought with a 30% equity loan and the current open market value at the time you wanted to sell was £100,000 you could only sell at £70,000. This ensures that the purchaser is able to buy a low cost house. That purchaser will be bound by the same restrictions as to re-sale. There is a requirement that the owner will use the house as their only and main home.

Procedure

The procedure set down is as follows:

1. The owners must give formal indication to the council that they wish to sell the house.
2. The council then has two months to give formal notice to the owners that it wishes to repurchase the property. Cabinet Decision made that the Council would repurchase the property.
3. On receipt of formal notice from the owner, the Housing Strategy Officer will inform the Head of Finance who will then authorise the purchase of the property on a 'money in money out' basis.
4. Once authorisation has been given by the Head of Finance the Housing Strategy Officer will arrange for one of the Council's Asset Management Team to value the property.
5. The Housing Strategy Officer will inform the owner of the valuation and agree a purchase price.

Appendix 1

6. Once the purchase price has been agreed the Housing Strategy Officer will pass all the relevant information to the Council's Legal Department to arrange the purchase.
7. The property should then be immediately advertised on the Homeseach Website.
8. Interested applicants should be sent guidance notes and an application form (see appendix B and C).
9. Following the closing date applications should be short listed based on the following order of priority:
 - a. Persons becoming homeless within the above communities
 - b. Existing Housing Association tenants of the communities
 - c. Persons registered on the housing waiting lists for the communities
 - d. First time buyers
 - e. People who have previously lived in the area but have had to move to access accommodation
 - f. People who have previously lived in the area and need to return in order to provide support to a dependent child or adult or to receive support from a principal carer
 - g. Applicants who are principally employed in the area (>20 hours per week)
 - h. Applicants with a firm offer of employment in the area and who would otherwise be unable to take up the offer because of a lack of affordable housing.

If two or more applicants have the same priority status, further short listing will be based on the length of time they have lived in the communities.

10. The Housing Officer will inform all applicants, in writing, whether or not they have been successful. Successful applicants should be asked to obtain a mortgage certificate and provide the details of their solicitor (see appendix D).
11. This information should then be passed to legal who will liaise with the applicant's solicitors regarding the sale of the property.



monmouthshire
sir fynwy

Integrated Impact Assessment document (incorporating Equalities, Future Generations, Welsh Language and Socio-Economic Duty)

<p>Name of the Officer completing the evaluation</p> <p>E-mail: louisecorbett@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal To consider the repurchase of a Low Cost Home Ownership (LCHO) property at Usk.</p>
<p>Name of Service area Housing & Communities</p>	<p>Date 2nd February 2026</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	This proposal has the potential to support people of all protected characteristics by virtue of seeking to make more affordable accommodation available in Monmouthshire.	None	None
Disability	As above	As above	As above

Appendix 3

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	As above	As above	As above
Marriage or civil partnership	As above	As above	As above
Pregnancy or maternity	As above	As above	As above
Race	As above	As above	As above
Religion or Belief	As above	As above	As above
Sex	As above	As above	As above
Sexual Orientation	As above	As above	As above

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?

Appendix 3

Socio-economic Duty and Social Justice	<p>It is recognised that lack of suitable housing and homelessness is often characterised by issues such as low income; affordability; impact of childhood trauma; substance misuse; accessing employment / training opportunities; barriers to accessing mental health and lack of independent living skills.</p> <p>The provision of affordable accommodation therefore can benefit those experiencing socio economic disadvantage. Good quality affordable accommodation also supports wider priorities such as health and well-being, poverty, employment opportunities etc.</p>	There are no negative impacts associated with this proposal	Housing and homelessness are a cross cutting priority of the Corporate and Community Plan with a multi-agency involvement.
---	--	---	--

Appendix 3

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
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language, no less favourably	Neutral impact	None	N/A
Operational Recruitment & Training of workforce	Neutral impact. The Council encourages the appointment of Welsh Language speakers and offers staff Welsh Language training	The Council struggles to employ Welsh speaking staff	Actively promote roles and make sure they reach Welsh speaking candidates through Welsh Language recruitment sites.
Service delivery Use of Welsh language in service delivery Promoting use of the language	Neutral impact	None	N/A

Appendix 3

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>Positive: Positively contributes to increasing housing options in Monmouthshire. Potentially helps to reduce the use of bed and breakfast accommodation if utilised as temporary accommodation. Any remodelling and refurbishment work required will not only need to maximise energy efficiency but will also support the local construction sector and wider economy</p> <p>Negative: None</p>	<p>If used as temporary accommodation it supports the on-going priority for the Council to increase the provision of self-contained temporary accommodation and reduce reliance on bed & breakfast accommodation.</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g., climate change)</p>	<p>Positive: N/A</p> <p>Negative: N/A</p>	<p>The energy efficiency standards of the property will be enhanced where possible.</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized, and health impacts are understood</p>	<p>Positive: Positively contributes to the health and well being of people in need of suitable housing. Safe and secure housing supports well-being.</p> <p>Negative: N/A</p>	<p>The proposal has the potential to align with the Housing Support Grant programme to enable residents to access housing support and help to maintain their accommodation.</p>
<p>A Wales of cohesive communities</p>	<p>Positive: Positively contributes by effectively increasing housing supply thereby helping</p>	<p>N/A</p>

Appendix 3

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?
Communities are attractive, viable, safe and well connected	<p>local people remain in their home communities.</p> <p>Negative: N/A</p>	
<p>A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Positive: Positively contributes to the health of households and households in need of suitable housing. Any remodelling and refurbishment work required will also need to improve and maximise the energy efficiency of the properties to reduce future energy costs and loss.</p> <p>Negative: N/A</p>	N/A.
<p>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</p>	<p>Positive: N/A</p> <p>Negative: N/A</p>	N/A
<p>A more equal Wales People can fulfil their potential no matter what their background or circumstances</p>	<p>Positive: The proposal both strengthens the quality and availability of accommodation. This helps to increase the stability in people's lives improving opportunities in respect of personal finances; employment; training etc</p> <p>Negative: N/A</p>	N/A

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term future</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The proposal is about sustainable housing solutions and maximising the potential to set people up to succeed.</p>	<p>Other accommodation elsewhere in the County is being reduced.</p> <p>The Council is moving towards a Rapid Rehousing Approach as required by Welsh Government</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The proposal supports Health (good accommodation contributes to well-being etc) and Social Care (good accommodation supports families, care leavers and corporate parenting etc)</p>	<p>Arrangements already exist with housing associations and private landlords.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Housing and Communities, Finance, Legal and Estates have all been consulted regarding this proposal.</p>	<p>N/A</p>

Appendix 3

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>The proposal is about strengthening and improving accommodation availability to offset the need to use inappropriate accommodation and reduce the budget deficit.</p>	<p>Resources are already being directed towards mitigating against homelessness through trying to prevent homelessness and acquiring accommodation in Monmouthshire. If utilised as temporary accommodation, it will support the objective above.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The proposal indirectly positively impacts on well-being e.g., potential for additional good quality accommodation supports well-being.</p>	<p>N/A</p>

Appendix 3

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	If used as temporary accommodation it will support households where there could be safeguarding issues by providing safe and secure temporary accommodation.	None.	N/A
Corporate Parenting	If used as temporary accommodation the proposal supports Corporate Parenting by potentially providing safe and secure accommodation.	None.	N/A

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

<p>Evidence has been gathered in the following ways:</p> <ul style="list-style-type: none"> • Consideration of current pressures being faced by Housing Options as a result of the statutory duty to accommodate all homeless households; • Housing needs data e.g. housing waiting lists, numbers in temporary accommodation, demand for different types of accommodation <p>The legislation and good practice which have informed the policy revisions are:</p> <ul style="list-style-type: none"> • Housing Act 1996 • Housing (Wales) Act 2014 • Welsh Government's Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness • The Allocation of Housing and Homelessness (Eligibility)(Wales) Regulations • Welsh Government Phase 2 Planning Guidance for Homelessness & Housing Related Support.
--

Appendix 3

- Welsh Government, Developing a Rapid Rehousing Transition Plan 2022-2027

8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

.This section should summarise the key issues arising from the evaluation. This summary must be included in the Committee report template

Positive

The positive impacts of this proposal are:

- Additional good quality affordable accommodation
- Additional accommodation provides an opportunity to factor in carbon reduction measures by improving quality and energy efficiency

If used as temporary accommodation it:

- Delivers positive impacts to those with protected characteristics
- Support of wider priorities such as responding to levels of homelessness and safeguarding
- Contributes to individual's health and well-being

Negative

N/A

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
--------------------------	------------------------------	--------------------

Appendix 3

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.	DMT	February 2026	
2.	Cabinet	4 th March 2026	

This page is intentionally left blank

SUBJECT: DERI VIEW REFURBISHMENT

MEETING: Cabinet

DATE: 4th March 2026

DIVISION/WARDS AFFECTED: All

1. PURPOSE:

This report seeks Cabinet approval for additional funding to address essential health and safety works at the former Deri View Primary School, ensuring the building is ready for Ysgol Gymraeg Y Fenni to occupy in September 2026.

2. RECOMMENDATIONS:

To approve a capital budget of £1,918,096, subject to confirmation of a grant from Welsh Government of 65% (£1,246,762), with Monmouthshire's contribution of £671,334 to be found from existing approved education capital schemes.

That Cabinet approve a capital budget virement of up to £671,334 from the currently unallocated funding within the Abergavenny 3-19 programme. The final value of virement required will only be confirmed upon receipt of the final grant award from Welsh Government.

In the event that the value of funding from the Abergavenny 3-19 programme is less than required, any shortfall will be met from the unallocated budget within the 2025/26 Schools capital maintenance grant programme.

3. KEY ISSUES:

Deri View Primary School is subject to refurbishment works to facilitate the relocation of services at Ysgol Gymraeg Y Fenni, in association with works nearing completion as part of the wider King Henry Abergavenny 3-19 project.

In early 2025, following commencement of refurbishment works to Deri View Primary School, the nominated contractor identified that areas within the property may have required fire compartmentalisation improvements. As a result, the refurbishment programme was delayed in order to allow a comprehensive and detailed Fire Compartmentalisation survey of the entire building to be completed. This work involved accessing difficult-to-inspect areas of the property, including removal of suspended ceilings.

In order to ensure health and safety compliance, and alignment to the properties approved fire strategy, a detailed compartmentalisation survey was commissioned and schedule of works developed. A detailed cost schedule has been submitted for approval which provides a full cost breakdown of all associated works in relation to fire safety inclusive of contingency, fees and provisional sums associated with the original refurbishment and relocation proposals. Enabled works to these areas has commenced, with site stripping and realignment of conduit services (IT, fire alarm) already underway. The proposed works and refurbishment is scheduled for completion in August 2026.

A variation form has been submitted to Welsh Government requesting additional funding from the sustainable communities for learning programme and a decision as to whether this has been successful is expected early March 26.

4. REASONS:

The expansion of Ysgol Gymraeg Y Fenni to a two-form entry primary school is one of the targets outlined in the Welsh Education Strategic Plan (WESP).

Relocating Ysgol Gymraeg Y Fenni to the new site in September 2026 is vital, given the constraints of the existing building and the continued dependence on demountable accommodation.

The contractor's programme of work indicates that work must commence imminently to meet the August 2026 completion date. It is essential that the work is completed to ensure the property remains fully compliant and consistent with the original 2004 strategy and building regulation requirements. The costs associated with fire compartmentation and fire stopping works is £1,286,000, with the total budgeted cost of works (including contingency, fees and provisional sums) is £1,918,000.

5. RESOURCE IMPLICATIONS:

The cost of the additional unplanned work is £1,918,096, a grant has been applied for from Welsh Government for funding of 65% (£1,246,762), this is the maximum contribution.

Subject to agreement from Welsh Government the remaining 35% (£671,334) will be found from existing approved education capital funding streams.

Currently there is an underspend on the Abergavenny 3 – 19 school and this will be used to fund the £671,334. Any subsequent shortfall will be taken from the unallocated spend on the schools maintenance grant.

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

Attached in appendix 1

7. CONSULTEES:

Children Learning Skills and Economy Directorate Management Team
Senior Leadership Team
Section 151 Officer

8. BACKGROUND PAPERS:

None

9. AUTHOR:

Will McLean
Nick Keyes
Nikki Wellington

10. CONTACT DETAILS:

Tel: 07834 435934

E-mail: willmclean@monmouthshire.gov.uk

Tel: 07824 625908

E-mail: nicolaskeyes@monmouthshire.gov.uk

Tel: 07766 504389

E-mail: nicolawellington@monmouthshire.gov.uk

This page is intentionally left blank



Integrated Impact Assessment document

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

Appendix 1

<p>Name of the Officer</p> <p>Nikki Wellington</p> <p>Phone no: 07766 504389</p> <p>E-mail: nicolawellington@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>This report seeks Cabinet approval for additional funding to address essential health and safety works at the former Deri View Primary School, ensuring the building is ready for Ysgol Gymraeg Y Fenni to occupy in September 2026.</p> <p>This will enable them to increase their capacity to 420 in line with the targets outlined in the Welsh Education Strategic Plan (WESP)</p>
<p>Name of Service area: Children, Learning, Skills and Economy</p>	<p>Date: 17th February 2026</p>

Page 37

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	The school will provide additional Welsh medium education for children aged 3-11 living in Abergavenny.	Welsh medium education for children aged 12-19 is not yet available in Monmouthshire	MCC in collaboration with neighbouring authorities in Southeast Wales are looking at potential options across the region

Disability	The proposed new site will be fully accessible to allow those with disabilities to be able to access the site.	No Impact	No Impact
------------	--	-----------	-----------

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 time	No impact identified at this time	No impact identified at this time
Marriage or civil partnership	No impact identified at this time	No impact identified at this time	No impact identified at this time
Pregnancy or maternity	No impact identified at this time	No impact identified at this time	No impact identified at this time
Race	No impact identified at this time	No impact identified at this time	No impact identified at this time
Religion or Belief	No impact identified at this time	No impact identified at this time	No impact identified at this time

Sex	The provision will be co-educational including boys and girls.	No impact identified at this time	No impact identified at this time
Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Sexual Orientation	No impact identified at this time	No impact identified at this time	No impact identified at this time

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 socioeconomic 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**

The capacity will increase which will hopefully increase the number of Welsh speakers in Monmouthshire. Being bilingual has many advantages, for example, due to the Welsh Language (Wales) Measure 2011 the ability to speak Welsh is either an essential or desirable skill for a growing number of jobs such as health, education, leisure, childcare and retail. This is especially the case in the provision of public services where the Welsh Language Standards require local authorities, fire and rescue service and police etc to provide their services to the same standards in both Welsh and English. The expansion of Welsh medium education across Monmouthshire means that more learners will have the opportunity to become bilingual thereby giving them a real advantage in securing employment opportunities

Time, distance and cost of travel has been identified as a challenge for some learners, particularly those suffering from socio economic disadvantage. As a result, Welsh medium education is not a genuine option for some learners. Learners who did not start Welsh medium education in Nursery or Reception have been unable to join in later years.

The Local Authority plan to review the School Transport Policy to ensure that it provides learners with a genuine opportunity to have a Welsh medium education. The increase in capacity in Abergavenny and the development looking at secondary provision in partnership with Blaenau Gwent, Merthyr Tydfil and Powys will create potential. This will allow more choice to parents wishing to provide Welsh medium education to their children. The development of an Immersion provision within Monmouthshire means that all learners, irrespective of age or linguistic background, will be able to benefit from a Welsh medium education.

3. Policy making and the Welsh language.

<p>How does your proposal impact on the following aspects of the Council's Welsh Language Standards:</p>	<p>Describe the positive impacts of this proposal</p>	<p>Describe the negative impacts of this proposal</p>	<p>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts</p>
<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>Moving to a new building and increasing the capacity will have a positive impact on the Welsh Language as we will be increasing the number of Welsh medium places. This will enable more families to access Welsh medium education closer to their home. They will also have access to Welsh medium nursery and childcare. The proposal will significantly promote the Welsh language offer in Abergavenny, this links directly with the Council's ambition to support the Cymraeg 2050 strategy of 1 million Welsh speakers and also the targets set out in the Council's Welsh Language 5-year strategy 22-27 and also the targets set in the Councils Welsh in Education Strategic Plan 2232.</p> <p>The proposal allows for the opportunity to develop an immersion centre on site which will allow "late comers" to access Welsh medium education, providing further opportunities to increase the</p>	<p>The relocation of Ysgol Gymraeg Y Fenni will not involve a move to a brand new building for Welsh Medium Education.</p> <p>There is currently no Welsh medium secondary provision in Monmouthshire so there will still be long travelling times to Ysgol Gyfun Gwynllyw in Torfaen.</p> <p>It is unlikely that there will be an negative impact on existing home to school transport arrangements, as the relocation of the school is only 0.4 miles from its existing site. However, for those residing on the border of the 1.5 miles distance criteria, their entitlement could be withdrawn.</p>	<p>The proposed new building for Ysgol Gymraeg Y Fenni will receive investment to refurbish identified areas prior to relocating.</p> <p>MCC will continue to develop its discussions and engagement with Powys County Council and Blaenau Gwent County Borough Council to secure new Welsh medium secondary provision in the north of Gwent / south Powys area to mitigate the potential negative impact of this proposal.</p> <p>The council's Welsh in Education Forum (WEF) will be kept closely informed and involved in discussions on this. The Council will continue its on-going dialogue with Torfaen County Borough Council regarding the provision at Ysgol Gyfun Gwynllyw so that Welsh medium secondary education at the school remains an attractive</p>

	<p>number of Welsh speaks within the county.</p>		<p>option for pupils who wish to receive a wholly immersive Welsh education experience.</p> <p>Home to school transport to the new site would only be withdrawn if the new site means that they reside within 1.5 miles from the home address. This is considered to be a reasonable walking distance, and is inside the criteria of 2 miles that is set by Welsh Government</p>
<p>Operational Recruitment & Training of workforce</p>	<p>The increase in Welsh medium capacity will generate the need for a greater number of Welsh Medium teachers and support staff in the Abergavenny area over time. This will create opportunities for Welsh speakers in Monmouthshire and outside of the area to be able to utilise their Welsh language skills in the work environment. Recruitment Will be easier and can be gradually.</p>	<p>There is a risk that we may not be able to secure sufficient Welsh speaking teachers / staff to fulfil the requirements of the new school.</p>	<p>In order to mitigate this risk, we will actively engage closely with our colleagues in the Welsh Government, the Education Achievement Service (EAS) and the local higher education institutes to help facilitate greater numbers of Welsh Medium teachers. We will also use all available recruitment tools at our disposal to aid the recruitment process – social media (twitter, facebook, you tube), council website, bespoke Welsh Medium recruitment sites, Linkedin etc. We will engage with our partners in the Welsh in Education Forum (WEF) to assist us in this process utilising their expertise and range of contacts</p>

<p>Service delivery</p> <p>Use of Welsh language in service delivery</p> <p>Promoting use of the language</p>	<p>All correspondence will be distributed to stakeholders in both Welsh and English. All correspondence and communications including on social media in relation to this project will be bilingual as required by the Welsh Language (Wales) Measure 2011</p>	<p>There is a risk that we will not be able to recruit sufficient Welsh speaking specialist local authority staff to deliver all services in Welsh.</p>	<p>To mitigate this risk, we will actively engage closely with colleagues in the Welsh Government, and the local higher education institutes to help facilitate greater numbers of Welsh Medium staff. We will also use all available recruitment tools at our disposal to aid the recruitment process – social media (Twitter, Facebook, YouTube), council website, bespoke Welsh Medium recruitment sites, LinkedIn etc. We will engage with our partners in the Welsh Medium Education Forum (WEF) to assist us in this process utilizing their expertise and range of contacts</p>
--	---	---	--

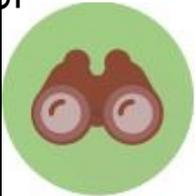
4. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!

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 ability to speak Welsh is either an essential or desirable skill for a growing number of jobs such as health, education, leisure, childcare, retail, and public services. This means that more learners will have increased employment opportunities as a result of being Bilingual in</p>	<p>No impact identified at this time</p>

	Welsh and English. There will be Increased employment opportunities within the proposed new school	
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)	No impact identified at this time	No impact identified at this time
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	The increase in capacity would result in more children being able to access Welsh medium provision in their community and be able to walk to school rather than being transported.	No impact identified at this time
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Parents seeking Welsh medium education for their children in the Abergavenny area will be able to access provision within their community. This will increase the opportunities for more learners to use the Welsh language outside of school in social settings and a range of authentic contexts.	No impact identified at this time
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	No impact identified at this time	No impact identified at this time
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People	If the proposal is agreed The Welsh Government's strategy of One Million Welsh Speakers will be supported by the increase in the number of pupils being educated through the medium of Welsh.	No impact identified at this time

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?
are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The expansion of Welsh medium education in Abergavenny means that more learners will have the opportunity to become bilingual in both English and Welsh and increase their chances of securing employment as adults and fulfilling their potential.	No impact identified at this time

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>Increasing capacity will enable learners to attend a Welsh medium primary school in their local community or within a short traveling time, they are more likely to choose and continue their education through the medium of Welsh.</p>	<p>No impact identified at this time</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The increase in capacity is supported by our Welsh in Education Forum (WEF), the forum is represented by a number of key partners who are consulted with and are crucial in the delivery of our WESP targets.</p>	<p>No impact identified at this time</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 data-bbox="143 483 300 510">Involvement</p>	<p data-bbox="546 261 1332 405">The school is to serve the entire Abergavenny cluster and all those affected by the proposal will be consulted with. In addition, the WEF members have been actively engaged on the proposal.</p>	<p data-bbox="1361 261 1771 288">No impact identified at this time</p>
 <p data-bbox="143 764 300 791">Prevention</p>	<p data-bbox="546 526 1310 783">Currently families wanting to access Welsh medium Education may be deterred by the pressured site and temporary accommodation. This may be suppressing demand and resulting in parents not choosing Welsh medium education. Having a purpose built 420 place school for Welsh medium may resolve this issue and also stimulate demand.</p>	<p data-bbox="1361 526 1771 553">No impact identified at this time</p>
 <p data-bbox="143 1126 300 1153">Integration</p>	<p data-bbox="546 888 1301 994">Having Welsh medium provision available in the local community will have a positive impact on the health and wellbeing of pupils in Abergavenny.</p>	<p data-bbox="1361 888 1771 916">No impact identified at this time</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	Appropriate safeguarding arrangement will continue to be in place at the new site.	No impact identified at this time	No impact identified at this time
Corporate Parenting	No impact identified at this time	No impact identified at this time	No impact identified at this time

Page 17

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

Project outline strategic business case
 Reports from contractors

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 main benefits of the proposal is by increasing the number of Welsh medium places in Abergavenny delivered through improved teaching and learning facilities, we are likely to increase the demand for those wishing to be educated through the medium of Welsh. This will in turn increase the amount of Welsh medium places across Monmouthshire so meeting our targets within our WESP. We will also be contributing to the Welsh Governments strategy of 1 million Welsh speakers by 2050. Therefore, it is essential that the building meets all compliance requirements and is safe before it can be occupied.

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
Agree Funding	2nd March 2026	Cabinet

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	Cabinet decision to agree funding	2 nd March 2026	
2			
3			

This page is intentionally left blank



SUBJECT:	Draft Monmouthshire Local Growth Fund (LGF) Investment Plan 26/27
MEETING:	Cabinet
DATE:	4th March 2026
DIVISION/WARDS AFFECTED:	ALL

1 PURPOSE

- 1.1 To inform Cabinet of the UK Government's new Local Growth Fund (LGF) and seek approval for the granting of investment from LGF for 2026/27 to projects listed in Appendix One of this report.

2 RECOMMENDATIONS:

That Cabinet:

- 2.1 Approves the draft local investment plan (appendix one) and projects contained within.
- 2.2 Agree that projects will formally commence upon receipt of the grant award letter and the grant award confirmation being returned to Welsh Government.
- 2.3 Agrees that to the extent that this is not achieved by 31st March, that the authority will underwrite the costs associated with staff contracts being renewed/extended from the within the existing budget framework.
- 2.4 Agree to continue working arrangements with Rhondda Cynon Taf CBC to continue to serve as Lead Authority for the region through 2026/27.

3 KEY ISSUES:

Local Growth Fund in Wales

- 3.1 In October 2025, the [New Local Growth Fund for Wales](#) was announced, providing UK Government funds of £547m to Wales for the period April 2026 to March 2029.
- 3.2 In November 2025, Welsh Government announced a six-week public consultation on proposals for the new fund which set out significant changes from the current funding framework, in terms of purpose, scope and delivery model.
- 3.3 This included the policy context, guiding principles, priorities, objectives, transition arrangements, and future delivery model, with a shift towards focussing on growth priorities, and regional planning and coordination via Corporate Joint Committees.
- 3.4 The Local Growth Fund is not a replacement for the UK Shared Prosperity Fund (SPF), and will have a narrower scope, focussing on the following priorities and objectives:

Table 1: LGF Priorities (draft)

UKG LGF Theme:	WG Priority:	Objectives:
Support for businesses	Priority 1: More productive and competitive business	<ul style="list-style-type: none"> • Increase the creation of start-ups and spin-outs. • Address barriers to growth. • Address specific market failures. • Increase levels of investment in RD & I capacity and knowledge exchange
Skills and employment support for growth	Priority 2: Supporting People into Work and increasing skills.	<ul style="list-style-type: none"> • Reduce levels of economic inactivity. • Improve the in-work retention and progression of under-represented groups. • Improve qualifications and/or skills levels. • Tailored demand led-skills support and training
Enabling local growth infrastructure	Priority 3: Green Infrastructure and energy efficiency	<ul style="list-style-type: none"> • Increase renewable and low-carbon energy generation. • Support low – carbon transport and digital connectivity infrastructure. • Support capital investment
	Priority 4: Local Infrastructure to drive regional economies.	<ul style="list-style-type: none"> • Develop key sites and premises. • Improve local economic infrastructure. • Investment in prioritised heritage, tourism, or cultural assets

3.5 The overall funding for the Local Growth Fund in Wales is £547m over 3 years, an average of £182m per year. This is a significant reduction from previous funding streams.

3.6 The indicative allocations for 2026/27 for the South-East Wales region outline that capital funding will increase year-on-year from £25.8m to £55.9m (+116%), whilst revenue will decrease from £77.5m to £23.9m (-69%).

3.7 Longer term ambitions to deliver growth funds through regional CJsCs (from 2027/28) threaten local capacity and scope for local decision-making.

Transition Period

3.8 Welsh Government have provided outline plans for a 12-month transition period through 2026/27. This includes utilising existing structures and architecture in place and drawing on expertise across local government and other partners.

3.9 Welsh Government’s priority is to retain capacity and capability in areas which support the objectives of the Local Growth Fund whilst regional plans are developed for 2027/28.

3.10 £200,000 is earmarked for CJsCs within each regional allocation to reflect the need to build capacity and conduct regional planning.

Current position

3.11 In December 2025, A letter of Comfort was received by our Lead Authority from the Cabinet Secretary of Economy, Energy, and Planning, setting out clarifications on the

Welsh Governments' consultation proposals and providing details of an indicative funding allocation for the region for the 12 months transition period from April 2026.

- 3.12** The letter of comfort is not an offer of funding. The amount of any final award may differ to the indicative regional allocation of £79.82M of which £55.92m is capital and £23.90m is revenue.
- 3.13** The Lead Authority and each local authority expect to receive a formal offer of funding in Mid-March 2026.

Local Investment Plan

- 3.14** The local authority received notification of its indicative allocation for 2026/27 on 9 January 2026, followed by the issue of the Local Growth Fund planning template on 13 January 2026.
- 3.15** The completed template was required by the Lead Authority, RCTCBC, by 28 January 2026.
- 3.16** Due to the extremely compressed timescales, revenue proposals have been developed from projects that align with Welsh Government's priority to maintain capacity and capability in areas that support the objectives of the Local Growth Fund.
- 3.17** In parallel, and in response to the increased emphasis on capital expenditure, proposals for eligible capital investment opportunities have been developed through collaboration that align clearly with the priorities of the new fund, whilst delivering on local priorities.
- 3.18** A significant proportion of the capital allocation has been retained within an umbrella project focused on sites and premises development, providing time for detailed site selection to be undertaken.
- 3.19** All proposals have been reviewed for their alignment with the Local Growth Fund's purposes and their potential to increase economic activity, create jobs or higher-value employment, and support wider economic growth.

4 SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

- 4.1** The Local Growth Fund will deliver against the Welsh Government's Economic Mission and the UK Government's agenda for growth. The Integrated Impact Assessment (appendix two) has been completed for the draft Local Investment Plan and the impact on the Community and Corporate Plan, our residents' businesses and communities.

5 OPTIONS APPRAISAL:

- 5.1** The Local Growth Fund represents a significant shift from the previous regional funding models, particularly in its requirement for a 70% capital and 30% revenue split. This presents considerable challenges for service delivery and for achieving the ambitions set out in the Community and Corporate Plan. As there is little indication that this funding balance will change, the draft Local Investment Plan has been developed to reflect local priorities that can meaningfully deliver impact within these constraints.

- 5.2** The one-year transition period further limits the ability to develop long-term delivery models. However, despite these challenges, the Local Growth Fund allocation presents an important opportunity to support local productivity, strengthen economic resilience, and address inequalities.
- 5.3** Project proposals have been developed by service areas using existing governance and planning mechanisms, ensuring alignment with organisational priorities. These proposals have been reviewed and refined centrally to ensure strategic fit, deliverability, and consistency with the emerging requirements of the Local Growth Fund.

6 EVALUATION CRITERIA

- 6.1** All projects approved for LGF will adhere to the evaluation guidelines and reporting requirements set out by Welsh Government and our Lead Local Authority, Rhondda Cynon Taf Council (RCTC).
- 6.2** Projects will also be monitored through the local authorities existing performance management framework, including through Service Business Plans.

7 REASONS:

- 7.1** The draft local investment plan has been developed with consideration of the Welsh Government consultation and the theory of change documents considering the four priorities: More productive and competitive businesses; Supporting People into Work and increasing value; Green Infrastructure and energy efficiency; Local Infrastructure to drive regional economies. The fund's priorities align with objectives set out in the Council's Community and Corporate Plan.
- 7.2** The draft plan is a made up of 70% capital and 30% revenue funded projects in line with funding criteria and contribute towards local productive growth and tackling economic inequalities.
- 7.3** There are clear synergies with a number of local Monmouthshire Strategies, for which the activity outlined in the draft plan will be a significant contributor. This includes but is not limited to:
- Monmouthshire Economy, Employment and Skills Strategy
 - Monmouthshire Local Food Strategy
 - NEET Prevention Strategy
 - Socially Responsible Procurement Strategy
 - Asset Management Strategy
 - Destination Management Plan

8 RESOURCE IMPLICATIONS:

- 8.1** The indicative allocation for Monmouthshire LGF for 26/27 is a total of £1,851,652.
- 8.2** This includes £74,065 for management and administration of the fund, of which £18,516 is retained by the lead authority, and £55,549 is available for local

requirements. This will be delivered by the Council's Economy, Employment and Skills service.

8.3 The real terms allocation for project activity is £1,245,336 of capital funding (70%), and £532,251 of revenue funding (30%).

8.4 If the grant award letter is not in place by 31st March MCC will underwrite the costs associated with staff contracts being renewed/extended, in light of comfort afforded already by the letter of comfort received from Welsh Government from within the existing budget framework.

9 CONSULTEES:

- Strategic Leadership Team
- Deputy Leader & Cabinet Member for Planning & Economic Development
- DMT – Children, Learning, Skills, & Economy

10 BACKGROUND PAPERS

- Monmouthshire Draft Local Investment Plan 26/27 (Appendix One)
- Integrated Impact Assessment (Appendix Two)

11 AUTHOR

Will McLean Strategic Director – Children, Learning, Skills, and Economy
Hannah Jones, Head of Economy Employment and Skills

12 CONTACT DETAILS

E-mail: willmcLean@monmouthshire.gov.uk
Tel: 01633 644582

E-mail:hannahjones@monmouthshire.gov.uk
Tel: 01633 748316

Appendix One

LOCAL GROWTH FUND

DRAFT INVESTMENT PLAN

2026-27

The UK Government has confirmed £547m of local growth funding will be made available to the Welsh Government over three years between April 2026 and March 2029. This funding will be transferred to the Welsh Government each year to deliver a Local Growth Fund.

Across the whole of the UK, Local Growth Funds will deliver on the UK Government Plan for Change, five missions for boosting growth, the UK Industrial Strategy, and contribute to UK-wide strategies like Backing your Business. In Wales, the objective for the Local Growth Fund is to support productivity growth and tackle issues leading to economic inequalities.

Monmouthshire has been allocated £1.78m from the Local Growth Fund for project activity in 2026/27. This is made up of £1.25m of capital funding, and £532k of revenue funding. All activity within the fund will contribute to the **three national themes**:



Support for Business

including business support, investment funds, research and development and fostering innovation



Skills and employment support for growth

including support for skills programmes and addressing vacancies in growth sectors



Enabling local growth infrastructure

including infrastructure development and transport and mobility to improve access to jobs and boost productivity



SUPPORT FOR BUSINESS

Appendix One

Business Monmouthshire

This project will build on the previous iteration of the Business Monmouthshire project. It will enable the authority to maintain capacity and utilise existing experience to support the Local Growth Fund priority of 'More productive and competitive businesses' by focussing on supporting start-ups with growth potential (including under-represented groups and social enterprises) and supporting existing SMEs and social enterprises with high growth potential. It will also bring match funding to create an additional role that will ensure that demand for support continues to be met, bringing additionality to the capacity funded through the local growth fund.



RESILIENT FARMS AND RURAL ENTERPRISES PROGRAMME

The programme will support Monmouthshire's farms, agri-food businesses and rural enterprises to strengthen business resilience in the face of ongoing change. The programme focuses on people, skills and collaboration, helping businesses build capability, confidence and stronger connections across the agri-food sector. Through tailored business support, peer learning and knowledge sharing, we will support rural businesses to improve digital skills and technology readiness alongside core business capability. This will build resilience across rural industries and ensure the sustainability and long-term competitiveness of the areas significant Agriculture sector.



RESILIENT FOOD ECONOMY

The project will invest in scaling and growing food-based businesses across Monmouthshire working collaboratively with supply-chain partners. Building upon existing relationships, networks and understanding of Monmouthshire needs. Funding will support the purchase of equipment, create opportunities for shared cooperative equipment use, and enable businesses to diversify into new products and markets, including cooperative market activity. The project will also explore productivity improvements through regenerative practices, such as using cattle collars to support land management.



SKILLS AND EMPLOYMENT SUPPORT FOR GROWTH

Appendix One



This project provides targeted, sustained support for 16-18-year-olds who are Not in Education, Employment or Training (NEET). Through a blend of one-to-one mentoring, personalised action planning and structured group-based sessions, the programme helps young people build confidence, develop essential life and employability skills, and access meaningful training and qualifications that support long-term progression.

Our approach focuses on identifying and addressing the root causes that prevent young people from engaging in learning or work. These barriers often include low confidence, limited work experience, disrupted education, poor wellbeing, and a lack of clear pathways into future opportunities. By offering tailored upskilling activities, wellbeing support, and practical guidance, the programme enables participants to make informed, positive decisions about their next steps.



The Future Focus project will deliver targeted employability support to three priority cohorts: 18–24-year-old claimants, economically inactive women, and people from ethnic minority backgrounds. Building on the success of the pilot 12-week programme for young people, delivered in partnership with DWP and achieving strong outcomes, Future Focus will offer both structured group learning and intensive one-to-one wrap-around support to accelerate progress toward work. The project will continue with the 12 week programme for young people and provide 6-week confidence and employability building programmes for the other two priority groups, designed to reconnect participants with labour market opportunities. All cohorts will benefit from activities including generic employability skills development, access to accredited work-related qualifications, employer talks, and opportunities for work tasters or experience across key sectors such as hospitality, construction, retail, care, and warehousing/logistics.



ENABLING LOCAL GROWTH INFRASTRUCTURE

Appendix One



DESTINATION FOR ALL

The project delivers a comprehensive package of support to develop Monmouthshire as a fully accessible “Destination for All.” It includes a capital and revenue grant scheme for organisations and businesses to enhance visitor experiences across attractions, towns and events. It will also implement inclusive access improvements across the County, such as Changing Places, toilets, access gates, and improved circulation. Training, toolkits and an ambassador scheme will build local accessibility expertise, while collaboration with wider Welsh projects will share best practice and strengthen inclusive tourism.



**MONMOUTHSHIRE
SKILLS CENTRE**

Funding the redevelopment of premises to create a modern skills centre that supports apprenticeships, training, and long-term economic growth. Working with recognised and established training providers and stakeholders, the project will transform the site into a high-quality learning hub equipped with industry-standard facilities, aligning with local employer needs, and providing clear pathways into skilled employment. By securing capital investment, we can re-purpose an underused asset into a vibrant centre for innovation, collaboration, and career progression, strengthening the region’s talent pipeline and delivering lasting benefits for learners, employers, and the wider community.

GrowthSpace
Monmouthshire

GrowthSpace is Monmouthshire’s programme to unlock the economic potential of vacant, disused or underutilised sites and premises, or sites with growth potential. Working collaboratively with public, private, and community partners, in a local and regional context, GrowthSpace brings disused and under utilised spaces back into productive use. The programme focuses on creating new opportunities for enterprise, innovation, growing target sectors, and economic resilience across the county. The programme will aid in addressing market failure, complemented by private-sector or alternative grant funding where appropriate, ensuring additionality and leveraging wider investment.



LIP SUMMARY

Appendix One

	LGF Priorities	£ Cap	£ Rev
Business Monmouthshire	<ul style="list-style-type: none"> Address barriers to growth (e.g. expansion, capital investment, export and attracting investors) for high-growth potential SMEs and social enterprises. Increase the creation of start-ups and spinouts with growth potential, including a focus on under-represented groups and social enterprises. 	-	113,495
Resilient Farms and Rural Enterprises Programme	<ul style="list-style-type: none"> Increase levels of investment in RD&I capacity and knowledge exchange in businesses and research organisations. 	-	80,990
Resilient Food Economy	<ul style="list-style-type: none"> Address barriers to growth (e.g. expansion, capital investment, export and attracting investors) for high-growth potential SMEs and social enterprises. 	85,000	61,626
Next Steps	<ul style="list-style-type: none"> Reduce levels of economic inactivity, notably among young people, disabled people, women and people from ethnic minority backgrounds. 	-	50,000
Future Focus	<ul style="list-style-type: none"> Reduce levels of economic inactivity, notably among young people, disabled people, women and people from ethnic minority backgrounds. Improve qualification and/or skills levels, focusing on basic and higher-level skills 	-	170,000
Destination for All	<ul style="list-style-type: none"> Investment in prioritised heritage, tourism, or cultural assets to support regional growth ambitions and local opportunities. 	115,000	56,141
Monmouthshire Skills Centre	<ul style="list-style-type: none"> Improve local economic infrastructure, including transport, digital connectivity, and community assets to support sustainable communities in rural, coastal, city and urban areas. Higher level skills investments targeted at existing or emerging gaps in key sectors or places, in particular where linked to long term plans 	420,000	-
GrowthSpace	<ul style="list-style-type: none"> Develop key sites and premises important for regional growth and in regionally prioritised growth sectors where there is market failure. 	625,335	-

Appendix Two

<p>Name of the Officer Hannah Jones</p> <p>Phone no: 01633 748316 E-mail: hannahjones@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <ul style="list-style-type: none"> To seek approval of the list of projects in the Local Growth Fund (LGF) draft Monmouthshire Local Investment Plan 2026-2027.
<p>Name of Service area: Children, Learning, Skills & Economy</p>	<p>Date 20th January 2026</p>

Page 63

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	Yes: Local Growth Fund (LGF) projects provide opportunities for participation and support for all ages	LGF is not a continuation of Shared Prosperity Fund and has a stronger focus on the UK Government growth mission and Welsh Government priorities to support productivity growth and tackle economic inequalities.	None identified

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?
Disability	Yes: LGF projects are accessible for those with disabilities.	As above	None identified
Gender reassignment	No impact	As above	None identified
Marriage or civil partnership	No impact	As above	None identified
Pregnancy or maternity	No impact	As above	None identified
Race	No impact	As above	None identified
Religion or Belief	No impact	As above	None identified
Sex	No impact	As above	None identified

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Sexual Orientation	No impact	As above	None identified

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>LGF is not a continuation of Shared Prosperity Fund and has a stronger focus on the UK Government growth mission and Welsh Government priorities to support productivity growth and tackle economic inequalities.</p> <p>All LGF projects in this report will maintain this purpose and deliver the measures set out in the Council's Community and Corporate Plan.</p>	<p>LGF will enable continued investment for businesses, skills and employability.</p>	<p>None identified</p>
---	--	---	------------------------

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 will
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language, no less favourably	<p>The use of the Welsh language has been taken into consideration in delivery of all LGF projects. The promotion of Welsh language will be monitored.</p> <p>MCC LGF team will continue to ensure that all SPF projects adhere to the Council's Welsh Language Standards.</p>	<p>None identified</p>	<p>None identified</p>

Operational Recruitment & Training of workforce	Where new posts are required, the need to communicate through Welsh and English as part of the recruitment process and any necessary training offered as needed.	None identified	None identified
Service delivery Use of Welsh language in service delivery Promoting use of the language	Any advertising about the projects will promote the fact that people can deal with the Council in Welsh by phone, email, twitter, Facebook, letters, forms, website transactions etc.	None identified	None identified

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?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	<p>The projects – Business Monmouthshire, Support for Farms & Agricultural Businesses and Resilient Food Economy in LGF priority 1 (more productive and competitive businesses) will address barriers to growth for high-growth potential SMEs and social enterprises and increase the creation of start-ups and spinouts with growth potential.</p> <p>The projects– Next Steps and Future Focus in LGF priority 2 (Supporting People into Work and</p>	There is a strategic imperative to maximise our economic growth and wealth creation capability and increase our productivity to increase the GVA for the county and the country.

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?
	increasing skills) will reduce levels of economic inactivity, notably among young people, disabled people, women, and people from ethnic minority backgrounds and improve qualifications and/or skills levels, focusing on basic and higher-level skills.	
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g., climate change)	The projects funded through the Local Growth Fund do not contribute currently to this goal.in	
A healthier Wales People's physical and mental wellbeing is maximised, and health impacts are understood	The projects in LGF Priority 2 (Supporting People into Work and Increasing skills) will ensure that people's physical and mental wellbeing is supported to enable them to progress into employment.	
A Wales of cohesive communities Communities are attractive, viable, safe, and well connected	The projects in LGF Priority 4: (Local Infrastructure to drive regional economies) will improve local infrastructure, including transport, digital connectivity and community assets to support sustainable communities.	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic, and environmental wellbeing	The projects in LGF Priority 1 – Business Monmouthshire, Support for Farms & Agricultural Businesses: (More productive and competitive businesses) will address barriers to growth for high growth potential SMEs and social enterprises. Increase levels of investment in RD&I	

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?
	capacity and knowledge exchange in businesses and research organisations.	
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 project– Destination for All in LGF Priority 4: (Local Infrastructure to drive regional economies) will prioritise heritage, tourism and cultural assets to support regional growth ambitions and local opportunities.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The projects in LGF Priority 2: (Supporting People into Work and Increasing skills) will support people in particular underrepresented groups to fulfil their potential	

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>Balancing short term need with long term and planning for the future</p> <p>Long Term</p>	Year 1 of the Local Growth Fund is a transition year to enable a move to a new model for Year 2 and 3. Welsh Government has allocated £200k to Corporate Joint Committees to develop regional plans during the transition period to identify funding gaps and priorities for investment, therefore uncertain of the level of investment for local authorities in Years 2 and 3	To work with other local authorities in South East Wales and the Wales Local Government Association in seeking clarity from Welsh Government on the local investment in Year 2 and 3.

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>Working together with other partners to deliver objectives</p> <p>Collaboration</p>	<p>Welsh Government have provided outline plans for a 12-month transition period through 2026/27. This includes utilising existing structures and architecture in place and drawing on expertise across local government and other partnerships This will include existing front-facing provision that is actively engaged in various economic networks</p>	<p>None identified</p>
<p>Involving those with an interest and seeking their views</p>  <p>Involvement</p>	<p>Projects proactively engage with participants or end-users to improve service delivery. Cabinet and Elected members will be kept informed of LGF projects through reports, case studies and visits and LGF projects events.</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>Putting resources into preventing problems occurring or getting worse</p>  <p>Prevention</p>	<p>The projects in LGF priority 1 (more productive and competitive businesses) and LGF priority 2 (supporting people into work and increasing skills) will help prevent future economic disadvantage and reduces the likelihood of long-term unemployment. Direct investment into the root causes of economic inequality before this gets worse.</p>	<p>None identified</p>
<p>Considering impact on all wellbeing goals together and on other bodies</p>  <p>Integration</p>	<p>As part of the local engagement process all aspects of the Well-Being of Future Generations Act are embedded in our local investment plan</p>	<p>None identified</p>

5. 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	<p>Internal LGF projects all follow MCC policies and procedures in relation to safeguarding.</p> <p>MCC Economy, Employment and Skills review their SAFE audit annually to ensure all projects complete and comply.</p> <p>We will ensure that all external SPF projects have safeguarding policies and procedures in place on commencement on the project.</p>	None identified	None identified
Corporate Parenting	Not applicable		

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

This proposal will significantly impact on the outcomes and evidence in the following strategies and plans:

- The Council's Community and Corporate Plan 2022 -2028
- Monmouthshire Economy, Employment and Skills Strategy
- Monmouthshire Local Food Strategy
- NEET Prevention Strategy
- Socially Responsible Procurement Strategy
- Asset Management Strategy
- Monmouthshire Local Area Energy Plan
- Destination Management Plan

7. 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?

It is anticipated that all LGF Projects outlined in our Local Investment Plan 2026-27 will have a positive impact on our residents, communities and businesses.

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

What are you going to do	When are you going to do it?	Who is responsible
Submission of the Monmouthshire Local Investment Plan to Rhondda Cynon Taf	28 th January 2026	Hannah Jones

Page 73

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

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	DMT – Children, Learning, Skills & Economy	26 th January 2026	DMT approved the draft Monmouthshire Local Investment Plan
2	Strategic Leadership Team & Business Cabinet	27 th January 2026	SLT approved the draft Monmouthshire Local Investment Plan

3.	Cabinet	11 th March 2026	
----	---------	-----------------------------	--

REPORT

SUBJECT:	Revenue and Capital Budget 2026/27 – Final proposals following scrutiny and public consultation
MEETING:	Cabinet
DATE:	4th March 2026
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE:

- 1.1. To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 21st of January 2026 in respect of the Capital and Revenue budgets for 2026/27.
- 1.2. To make recommendations to Council on the Capital and Revenue budgets including the level of Council Tax for 2026/27.
- 1.3. To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.
- 1.4. To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.

2. RECOMMENDATIONS:

- 2.1. That Cabinet considers the responses received during the budget consultation period and recommends to Council:
- a) The 2026/27 revenue budget as attached in **Appendix B**.
 - b) The 2026/27 capital budget and indicative 2027/28 to 2029/30 budgets as attached in **Appendix G**.
- 2.2. That a 5.95% increase in the Band "D" equivalent Council Tax is applied for County Council purposes for 2026/27.
- 2.3. That Cabinet requests that efforts continue to be maximised to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them.

- 2.4. That Cabinet endorses the changes to the draft budget proposed within this report, updated following public consultation, scrutiny and the availability of more up-to-date information, including the introduction of additional capital investment of £2 million, phased over three years, to address potholes and improve the condition of the County's road network.
- 2.5. That Cabinet considers the Responsible Financial Officer's report on the robustness of the budget process and adequacy of reserves issued under the provisions of the Local Government Act 2003 and an assessment of the current and future financial risks facing the Council.
- 2.6. That Cabinet adopts the Responsible Financial Officer's recommendation for the Prudential Indicators for capital financing.
- 2.7. That the Medium Term Financial Plan continues to be updated and reported regularly, using the most up-to-date information available to assess cost pressures and risks, the underlying modelling assumptions, any service changes resulting from the programme of change, and the ongoing affordability implications of the Community and Corporate Plan.

3. KEY MESSAGES

Protecting frontline services

Funding increases for key services:

- Social Care & Health (+5.5%)
 - Education (+4.6%)
- Place & Community Wellbeing (+4.3%)
 - Infrastructure (+3.6%)

- **No service closures:** waste collections, leisure centres, recycling centres, libraries and community hubs will remain open in 2026/27

Targeted investment where residents told us it matters

- Additional **£1m investment in local school budgets** for the second consecutive year

- Increased investment in social care, **preventative children’s services** and **additional learning needs**

- Above-inflation increase to **Citizens Advice Monmouthshire**

- Investment in **libraries, Welsh-medium education, and the Inspire programme**

Keeping communities safe and resilient

- **New gully-cleaning and street-sweeping teams** delivering preventative drainage work alongside visible improvements to the street scene, supporting cleaner, safer and more attractive town centres and neighbourhoods

- **£5.65m additional capital investment** in highways structures, roads, footpaths, rights of way and the property estate

- Continued work on **flood alleviation** and reducing the Council’s **carbon footprint**

Listening to residents

- Despite increased investment in road resurfacing and pothole repairs, **consultation feedback** shows that this has not gone far enough to address the condition of the road network

- In response, Cabinet is recommending **additional capital investment of £2 million**, phased over three years, **to accelerate pothole repairs and improve road condition**, alongside existing highways and maintenance programmes

Paying for services fairly

- **Welsh Government funding increases by 4.4%** (£6.15 million), helping protect essential local services

- £3.5 million of **service efficiencies and reforms**

- **Council Tax increase of 5.95%**, with the Council Tax Reduction Scheme maintained to **protect those on low incomes**

4. Budget Context

- 4.1. The budget strategy for 2026/27 builds on the foundations established by Cabinet throughout its period of administration. At this stage in the administration cycle, it remains essential that the strategic principles set out in the Medium-Term Financial Strategy (MTFS) continue to guide the budget approach, with the Community & Corporate Plan framework being central to decision-making.
- 4.2. The strategy adopts a multi-year perspective wherever possible, directing resources to areas of greatest need and opportunity. It reinforces broader reforms and preventative measures designed to secure the longer-term sustainability and resilience of Council services.
- 4.3. Nevertheless, difficult decisions have been necessary to prioritise services most critical to our communities. These choices ensure the Council remains financially sustainable and operates safely, while continuing to deliver on its strategic ambitions.
- 4.4. The prevailing economic climate continues to pose challenges for Local Government, as persistent inflation, increased service demand and supply chain challenges result in upward pressure on the cost of delivering local services. Despite a moderation in some cost drivers, issues such as the cost of living crisis and evolving demands within health and social care continue to impact both the community and the Council's financial planning. Notably, these include:
- The wider socio-economic landscape and cost of living challenges that continue to have an impact on our communities, with a consequential increase in demand for Council services, and impact upon income generating services.
 - The wider public sector challenges which impact upon Council services, notably within Health where efforts to improve patient pathways impact upon the level and complexity of demand for Social care.
 - Headline inflation rates remain above UK Government targets, with some discrete areas of Council services continuing to experience cost pressures on supplies and services.
 - In continuing efforts to combat inflation, interest rates have remained higher for longer and above previous UK Government forecasts.
 - Expected pay growth remains above previous Government forecasts.
 - There remain increased risks around debt recovery.

- 4.5. Despite these pressures, the Council has demonstrated robust financial management, successfully navigating previous periods of austerity, recession and the pandemic. The 2025/26 budget addressed over £17 million in cost increases, and recent financial updates show an improved in-year position compared to prior years, with an under spend currently forecast, and with contingency budgets intact. Should this positive trend continue through to year-end, the Council will be well-placed to stabilise its reserves and carry solid foundations into the next financial year.
- 4.6. The financial outlook for 2026/27 remains uncertain, with national and local developments expected to shape the Council's operating environment. Key influences include shifting economic conditions, political uncertainty, policy changes, the prospect of new responsibilities, funding uncertainty, ongoing pay negotiations, and evolving demographic factors.

5. Draft budget proposals

- 5.1. Cabinet published their draft budget proposals on the 21st January 2026 that highlighted an estimated increase in the cost of delivering Council services for 2026/27, compared to 2025/26 of £16.8m, equivalent to 8% of the Council's budget.
- 5.2. The draft budget prioritised investment in key frontline services, with notable funding increases for Social Care & Health, Education, Place & Community Wellbeing, and Infrastructure. A further £1 million was allocated directly to local school budgets for the second year running, supporting efforts to maintain attendance and enhance standards, whilst also addressing pay and pension pressures.
- 5.3. Significant additional investment was proposed in social care that will strengthen both preventative services and support for adults and children with complex needs. Additionally, there was increased support for vulnerable groups through expanded provision for additional learning needs and Social Emotional Mental Health. Investment will continue in preventative programmes such as Inspire, family support initiatives, and foster care recruitment, alongside an above-inflation increase in funding for Citizens Advice Monmouthshire to support residents.
- 5.4. Enhancing gulley-cleaning and street-sweeping capacities was also prioritised within the draft budget proposals to better manage surface water, reduce flood risk and support more preventative maintenance of the highway network. This investment will also deliver wider benefits to the street scene by improving the cleanliness and appearance of roads, pavements and public spaces, particularly within town centres and other high-footfall areas.
- 5.5. By aligning preventative drainage work with enhanced sweeping and cleansing activity, the Council is seeking not only to reduce future infrastructure risks, but also to contribute to safer, more welcoming and better-maintained town centres that support local communities and economic activity.
- 5.6. Core services for residents were maintained in the draft proposals, with waste collections, leisure centres, recycling centres, libraries, and community hubs remaining open in 2026/27.

5.7. Cabinet's draft revenue budget proposals proposed meeting the increases in cost through:

Increased income from Fees and charges	£0.8m
Service reform	£1.3m
Service efficiencies and specific grant income	£2.1m
Increased income from Council tax	£5.4m
Increased income through Welsh Government grant	£6.2m

5.8. At draft budget stage there remained a funding shortfall of £973,000 that would need to be resolved to set a final budget.

5.9. In respect of the draft capital budget, a number of immediate capital pressures were identified by services, primarily relating to urgent health and safety requirements and statutory legal and regulatory obligations. Following initial scrutiny, a limited number of these pressures were endorsed for inclusion in the draft 2026/27 budget, totalling £5.486 million. These represent inescapable commitments where failure to invest would expose the Council to unacceptable levels of legal, regulatory, or operational risk.

5.10. Key elements of the proposed investment include £4.96 million over two years for the refurbishment of the Grade II listed Chain Bridge, supported by £2.25 million of external grant funding, alongside £1.69 million for highways structures and carriageway resurfacing and £352,000 to address backlog pressures within the public rights of way network.

5.11. At draft stage, £4.988 million of funding had been identified, leaving a funding shortfall of £498,000, with work ongoing to identify additional funding solutions ahead of the final budget. Other capital pressures remain under development, to be progressed as further information and robust business cases become available, in line with established approval processes.

6. FINAL FUNDING SETTLEMENT

6.1. The provisional 2026/27 funding settlement from Welsh Government provided an indicative funding increase for Monmouthshire of 4.4%, set alongside an all-Wales average increase of 4.5%, and introduced a year-on-year increase of £6.15m of funding to the Council, when adjusted for technical adjustments.

6.2. Welsh Government published its final budget on the 20th January 2026, and alongside it the final funding settlement for local authorities in Wales. The budget and final settlement contained no significant changes for the funding of local government over and above the details published at draft stage. A minor technical adjustment has resulted in a further £8,000 of funding being made available to Monmouthshire in addition to the £6.15 million introduced in the draft settlement.

6.3. There are specific grants that sit outside of the main block grants for revenue and capital that support the delivery of specific policy-led programmes of work determined by Welsh Government. The information on these specific grants remains incomplete within the final

settlement and at an all-Wales level. For those that have been published, these amount to over £1.3 billion for revenue and over £1.0 billion for capital.

- 6.4. Of significance, the Sustainable Waste Management Grant is yet to be confirmed (£16.4 million in 2025/26 at an all-Wales level) and it remains unclear how that grant may be impacted by the allocations of funding to councils from the Extended Producer Responsibility system introduced in 2025/26.
- 6.5. Further clarification of individual Council level grant allocations may provide an opportunity to further support service cost increases or mitigate existing budget risks, however, at the current time is excluded from the final budget outlined in this report.
- 6.6. No further changes to funding levels are anticipated beyond those noted above. Should any changes arise, these will need to be considered as part of the Council Tax resolution when it is considered by Full Council on 5th March 2026.
- 6.7. Further details of the Welsh Government funding settlement can be found at **Appendix J**.

7. BUDGET CONSULTATION

- 7.1. The Council undertook a wide-ranging programme of consultation on the Draft Budget and Priorities for 2026/27 between 22 January and 18 February 2026. Engagement activity reached residents, stakeholders and representative groups through a combination of face-to-face, online and targeted sessions, including:
 - a) Delivery of a number of countywide public drop-in engagement sessions, attended by officers and Cabinet Members;
 - b) Engagement with Town and Community Councils;
 - c) Targeted engagement activity with specific groups, including youth clubs and other interested stakeholders;
 - d) Dedicated engagement with the School Budget Forum, Headteachers and School Governors, providing opportunities for discussion and challenge on education funding proposals.
- 7.2. In addition to direct engagement activity, stakeholders were signposted to the consultation through wider communications, including social media, newsletters and the Council's digital channels. This ensured broader awareness of the consultation and opportunities to provide feedback on the draft budget proposals.
- 7.3. A dedicated section of the Council's website hosted accessible information on the Draft Budget and Priorities 2026/27, supported by a budget summary document. An online and paper-based survey enabled respondents to rate proposals and provide qualitative feedback.

- 7.4. Two online engagement sessions were held, featuring presentations from the Cabinet Member for Resources and the Leader of the Council, followed by open Q&A sessions. While attendance numbers were modest, the sessions generated constructive scrutiny and challenge, with residents able to pre-submit or raise questions live. The budget survey was the primary method of public engagement, receiving 416 responses across online and paper formats.
- 7.5. The draft budget proposals were also considered through the Council's governance arrangements, including scrutiny by relevant Scrutiny Committees and the Joint Advisory Group (JAG).
- 7.6. **Appendix A** summarises the feedback received through the consultation process. In summary, responses focused on the following key themes:
- a) A broad understanding of the Council's financial pressures and the proposed approach to the budget, with support expressed for protecting priority services such as education, social care, additional learning needs and community services;
 - b) A significant number of residents raising concern about the level of council tax increase proposed, especially in light of cost of living pressures being experienced in households. However, there was also a recognition of the need for investment in the local services that directly support the needs of residents;
 - c) Strong and recurring comments relating to the condition of roads and highways, including potholes, with calls for longer-term preventative investment rather than short-term repairs;
 - d) Clarification was sought on how the remaining budget gap was going to be resolved and whether this would result in further service changes that had not been consulted upon.

8. FINAL REVENUE BUDGET

- 8.1. After review, reflection and consideration of feedback received, and taking into account the new and updated information that has become available since the draft proposals were released, a number of considerations and revisions have been reflected in the final revenue budget proposals.
- 8.2. Cabinet have carefully considered the consultation feedback and weighed this alongside the Council's statutory responsibilities, the level of demand currently being experienced across key services, and the need to maintain financial sustainability.
- 8.3. Cabinet concluded that the proposed Council Tax increase remains necessary in order to balance the budget, protect essential frontline services, and enable continued investment in areas of highest need, particularly social care, education and infrastructure. In reaching this decision, Cabinet also reaffirmed its commitment to mitigating the impact on the most vulnerable through the continued operation of the Council Tax Reduction Scheme and by maximising take-up of exemptions and reliefs.

- 8.4. Consultation responses clearly highlight that, notwithstanding the additional investment made by the Council during this Cabinet's administration – including further funding for carriageway resurfacing and pothole repairs supported through initiatives such as the Local Government Borrowing Initiative – the condition of the County's road network remains a significant concern for residents.
- 8.5. In response to the strength and consistency of feedback received through the consultation process, Cabinet is recommending additional capital investment of £2 million, phased over a three-year period, to further address potholes and the condition of the County's road network. This investment is intended to complement existing highways maintenance programmes and enable a more sustained and preventative approach to carriageway condition, recognising the importance of safe and well-maintained roads to residents, businesses and local communities.
- 8.6. The remaining changes made within the final revenue budget proposals are outlined below:

Budget Reconciliation	Amount £000's	Description
Draft budget proposals – (Surplus) / Deficit	973	
Updated notice of Coroner service contribution	57	Increased contribution due to rising demand and complexity of cases, combined with unavoidable increases in post-mortem, staffing, and supplier costs
Establishment of Change Programme Management Office (PMO)	107	Establishment of whole Authority PMO – funded from Change management reserve
Reserve fund PMO	(107)	As above
Welsh Government final funding settlement	(8)	The final settlement introduces a marginal benefit due to some minor technical adjustments
Capital financing costs	(300)	Capital financing budgets were reviewed using updated data and treasury advice, reducing overall projected costs by £300k
Council tax reduction scheme (CTRS)	(250)	A review of the current level of CTRS budget has identified that the allocation can be reduced by £250,000
Contingency budget updated	(50)	The draft budget contained a budget contingency of £1,050,000 which has been reduced by £50,000 at final stage.
Final review of service efficiencies	(322)	The latest financial forecast for 2025/26 has been reviewed and it is anticipated that further recurrent service efficiencies can be achieved across services.
Waste service – additional grant funding	(100)	Budget pressures that are currently being met from within the service can be covered by additional grant notified since draft stage

- 8.7. The Police and Crime Commissioner for Gwent has given notification of their final precept level for 2026/27 of £19,760,739, which is £346,000 more than anticipated in draft budgets. Community Councils have given notification of their final precept levels for 2026/27 of £4,236,687, which is £273,000 more than anticipated in draft budgets. Precepts are collected by the Council through Council tax on behalf of these organisations and paid directly over to them and there is therefore no net impact on the Council's overall budget.
- 8.8. The proposed final revenue budget for 2026/27 and indicative budgets for 2027/28 to 2029/30 are shown below.

Services	Adjusted Base Budget 2025/26	Final Budget 2026/27 £000's	Indicative Budget 2027/28 £000's	Indicative Budget 2028/29 £000's	Indicative Budget 2029/30 £000's
Learning, Skills and Economy	72,635	76,200	78,118	80,133	82,168
Social Care & Health	78,187	81,670	82,638	83,636	84,664
Infrastructure	23,252	25,781	26,335	26,918	27,548
Place & Community Wellbeing	5,818	5,801	6,000	6,206	6,420
Resources	8,798	9,004	9,201	9,456	9,719
People, Performance and Partnerships	6,273	6,893	6,915	7,117	7,325
Law & Governance	3,089	3,248	3,514	3,433	3,530
Insurances, Levies, Non-allocated budgets	7,209	11,819	20,708	29,614	38,245
Capital debt financing costs	9,076	9,501	10,616	10,958	10,954
Transfers to reserves	693	735	761	788	816
Transfers from reserves	(541)	(947)	(516)	(341)	(341)
Precept payment - Police	18,325	19,761	20,541	21,353	22,196
Precept - Community Councils	3,964	4,237	4,404	4,578	4,759
Total Expenditure Budget	236,778	253,703	269,236	283,848	298,002
Aggregate External Financing (AEF)	(135,248)	(144,723)	(146,025)	(147,631)	(149,255)
Council Tax (MCC)	(78,626)	(84,325)	(87,656)	(91,118)	(94,718)
Council Tax (MCC Premium)	(615)	(657)	(683)	(710)	(738)
Council Tax – Precept Police	(18,325)	(19,761)	(20,541)	(21,353)	(22,196)

Council Tax – Precept Community Councils	(3,964)	(4,237)	(4,404)	(4,578)	(4,759)
Sub Total Financing	(236,778)	(253,703)	(259,309)	(265,390)	(271,666)
(Surplus)/Deficit	0	0	9,927	18,458	26,336

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

- 8.9. Indicative budgets for the 2027/28 to 2029/30 period are modelled using a range of budget assumptions for pay and employer pension contributions, future Welsh Government funding increases and council tax increases (for modelling purposes only).
- 8.10. Importantly, there is provision of £7.5m per annum currently made within the medium-term financial plan for modelling purposes, reflective of the trend in service demand and cost increases developing annually over recent years, that are over and above the approved budget. This is represented in the table above by the increase within the “Non-allocated budgets” line over the period.
- 8.11. The use of Welsh Government’s guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform is modelled to be reversed gradually over the above period in order to return to a more financially sustainable position.
- 8.12. It is clear from current modelling that based on estimated levels of funding available, the challenge over the medium term remains a significant one with an annual budget shortfall projected to be managed of between eight and nine million pounds.
- 8.13. 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 and opportunities, 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.
- 8.14. The next iteration of the Medium term financial plan will be considered in 2026/27 post the UK Government Spring budget and Welsh Government (Senedd Cymru) election.

9. BUDGETARY RISK

- 9.1. The key risks remaining to be assessed and managed in 2026/27 and as yet unknown are:

Increasing service demand	The level of demand for high-cost Council services has been volatile over recent years. These stem from cost of living issues coupled with population and demographic changes. These are most acute in Social care, Education and Housing services and will need to be monitored closely as the financial year develops
Funding	The Final Welsh Government funding settlement provides some details on specific grants. However, information is at an all-Wales level and with a number of grant indications still awaited. Of significance, the Sustainable Waste Management

	Grant is yet to be confirmed (£16.4m in 2025/26) and may be impacted by the indicative allocations of funding to councils from the Extended Producer Responsibility system
Annually allocated grant funding	Where annually allocated specific grants remain unconfirmed, any variation in funding levels could directly impact the Council's ability to deliver planned services or projects, potentially requiring the reprioritisation of activities or the identification of alternative funding sources at short notice. There remains an associated risk that staff employed through these grants will not have certainty regarding their roles beyond the end of the financial year which can also impact upon staff retention
Service reforms	<p>The draft budget requires service reforms of £1.25 million to be delivered which is significantly lower than the levels seen over recent years. Nevertheless, it is essential that these programmes of work are stood up or continued with effect from the start of the financial year in order to deliver a full year impact.</p> <p>These reforms are within Social Care and will be delivered within a service which continues to experience challenging levels and complexity of demand, coupled with significant workforce pressures. This is expected to be mitigated by the fact that the reforms are a continuation of the existing programmes of change which are already well established</p>
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 2026 and therefore further consideration may 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 2026
School reserve deficits	<p>Overall school balances remain in deficit with many schools continuing to progress against agreed deficit recovery plans. Reserve deficits impact upon the Council's overall financial resilience and increase risk exposure by reducing available balance sheet resources</p> <p>There is a strong expectation that through recurrent additional investment in schools and their elected governing bodies working closely with the Council in setting and robustly managing their budgets, that deficit balances will start to stabilise and recover</p>
Income and Debt recovery	The ongoing cost-of-living crisis continues to affect household disposable income, which in turn impacts demand and collectability for income-generating Council services
Economic factors	Any significant variation in inflation and interest rates from levels forecast will impact the cost of goods, services, and borrowing. This will affect both the Councils own direct expenditure and the costs incurred by suppliers and service providers.

	Although the Consumer Price Inflation (CPI) rate has fallen from the historic peaks seen in recent years, it remains above the Bank of England's 2% target. Current projections indicate that CPI could reduce to approximately 3.2% in 2026/27, but inflation remains volatile and sensitive to external factors such as global energy prices, supply chains, and geopolitical events
Labour market	Labour shortages in areas like social care and in specialist roles are driving up the cost of commissioned services

9.2. In light of the above risks, the strengthened financial governance arrangements will continue through 2026/27 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.

10. THE ROBUSTNESS OF BUDGET PROCESS AND RESERVES

10.1. Under the provisions of the 2003 Local Government Act, the Responsible Financial Officer has to provide conclusions on the robustness of the budget process and the adequacy of reserves. Those conclusions are shown at **Appendix F**. The RFO opinion also includes an acknowledgement of the risks taken into account in producing the budget proposals for 2026/27 as well as those budgetary risks that will need to be managed going forward in the medium term.

10.2. Cabinet reaffirmed in their budget planning framework for 2026/27 that there is a need to progress the Council on a path towards financial sustainability including conserving an appropriate and prudent level of financial resilience. The framework established the principles for general and earmarked reserve levels and use, and included a commitment to preserving an appropriate level of annual budget contingency.

10.3. **Council Fund:** The level of the Council Fund reserve stood at £10.7 million at the start of 2025/26, excluding delegated school balances. This represented 5% cover as a proportion of the Council's 2025/26 net revenue budget.

10.4. The final revenue budget proposals for 2026/27 do not include any use of the Council Fund reserve to balance the budget which is in line with the budget planning framework agreed by Cabinet. If the current positive 2025/26 forecast outturn is maintained, this will present an opportunity to increase the Council Fund such that it is maintained at 5% of net revenue budget set for 2026/27.

10.5. The 2026/27 budget increases the budget risk contingency from £850,000 to £1 million. This amount will be held alongside the Council fund to help reduce overall budget risks, aligning with the commitments made in the medium-term financial strategy. The flooding events of late 2025 and the consequential financial impact on the Council demonstrate the need to maintain an appropriate level of budget headroom for unforeseen circumstances.

- 10.6. **Schools reserve balances:** School balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure.
- 10.7. The decline in school balances from the healthy surplus at the beginning of 2022/23 of £6.95 million to the latest forecast deficit of £7.5 million by the end of 2025/26 remains a concern.
- 10.8. A significant amount of investment was enacted by schools in the immediate aftermath of the pandemic period to recover, particularly in respect of attendance, behaviour and increased additional learning needs. This has required increased staff and specialist resources to tackle the issues presenting and increased overall costs of provision.
- 10.9. It is currently anticipated that nineteen (54%) of the Council's thirty-five schools will be in a deficit balance by the 2025/26 year-end. Those schools forecasting to end the financial year in deficit balance have brought forward recovery plans that are being considered by officers and Cabinet.
- 10.10. Three schools - King Henry VIII 3-19 School, Chepstow Comprehensive School and the Pupil Referral Service, accounts for three quarters of the projected deficit. All three of these schools are a focus of support and challenge from the Local Authority to ensure budgets return to a surplus within the agreed recovery plan timeframe.
- 10.11. It is clear from these budget recovery plans that it will take schools a considerable amount of time to fully recover deficit balances, and that in addition to the recurrent £1m further investment in schools within this budget, the Council will need to take assessment of this financial risk within medium term financial planning.
- 10.12. **Earmarked reserves:** The final budget includes planned use of earmarked reserves in support of one-off revenue and capital expenditure of £1,145,000. Earmarked reserve use is only planned to meet one-off costs and in line with a specific reserve's intended purpose and use.
- 10.13. Set alongside this is a planned contribution to earmarked reserves of £735,000. The majority of this relates to Council tax premiums which has strict criteria over future use. Nevertheless, this results in maintaining overall reserve levels to aid in balance sheet strength and resilience.
- 10.14. **Appendix D** shows the individual planned use and contribution to reserves for the 2026/27 budget and the reserve balances projected over the medium term.
- 10.15. Over the medium term overall earmarked reserve levels are projected to remain stable. However, it should be noted that Monmouthshire's overall reserve cover as a percentage of net revenue budget was recently classified as the lowest in Wales¹ and therefore requires the

¹ [Audit Wales report on financial sustainability of local government, December 2024 – Table 3](#)

reserves policy to continue to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks. Maintaining sound budget management and discipline going forward will be fundamental to achieving this, with the in-built budget contingency providing a mechanism to manage overall risk.

- 10.16. **Capital receipts:** Useable capital receipts provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government’s guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has used this flexibility since 2019/20, and plans further use of £2.7 million for 2026/27, after which time it tapers to zero by the end of 2028/29.
- 10.17. Using capital receipts to cover the revenue costs of service reform has been vital in helping the Council move toward greater financial stability. However, relying on this method is not a long-term solution, and has the consequence of meaning that any new capital investment will need to be funded by prudential borrowing if no other external funding sources are available.
- 10.18. The capital receipts summary below shows the expected level of receipts and planned usage in the next few years. Future investment in capital schemes is in part dependent on future success of achieving capital receipts, and there remain risks attached to some receipts being realised over this period.

Forecast Useable Capital Receipts	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Balance as at 1st April	(6,083)	(4,627)	(4,430)	(3,474)	(2,819)
Less: capital receipts used for financing	289	367	50	50	50
Less: capital receipts used to support capitalisation directive	3,770	2,708	1,708	708	0
Capital receipts received	(2,500)	0	0	0	0
Capital receipts forecast	(103)	(2,878)	(803)	(103)	(103)
Forecast Balance as at 31st March	(4,627)	(4,430)	(3,474)	(2,819)	(2,871)

- 10.19. The level of capital receipts anticipated over the next 4-year window has not been increased as the Council awaits the outcome of the replacement Local Development Plan.

11. CAPITAL BUDGET

- 11.1. The principles of the Capital Strategy guide the approach to capital investment and ensure that resources are directed towards addressing the longer-term challenges facing communities and the Council, and that they are fully aligned with the priorities set out in the Community and Corporate Plan.
- 11.2. The updated capital strategy for 2026/27 will be considered by full Council alongside the Council tax resolution report at its meeting on 5th March 2026.
- 11.3. In the current climate of financial constraint, capital investment must remain within affordable limits. Demand for capital resources continues to exceed available funding and, as a result, the prioritisation of schemes, the maximisation of external funding opportunities, and partnership working remain essential to meeting these pressures.
- 11.4. The current capital programme is subject to the same external pressures affecting the revenue budget. Inflation in specific areas, supply chain disruption, and internal resourcing constraints have resulted in delays to delivery and, in some cases, reduced outputs for a given level of investment.
- 11.5. While the Council's planned investment in asset and infrastructure maintenance partially addresses the ongoing need to maintain the existing estate, a significant maintenance backlog remains outside the core capital programme. These pressures arise from an ageing asset base and the cumulative impact of continued investment in new infrastructure over time.
- 11.6. The risks associated with these backlog pressures will increase over time if existing maintenance programmes are unable to keep pace with requirements. In addition, the increased frequency and severity of extreme weather events in recent years has exacerbated both the scale and urgency of these pressures.
- 11.7. The 2026/27 budget process identified that a number of backlog pressures have now reached a point where significant intervention will be required over the Medium Term Financial Plan (MTFP) period. Addressing these issues will require the development of full business cases to enable the Council to fully understand the risks, options, funding requirements, and appropriate timing of intervention. Given their scale and complexity, these matters do not lend themselves to management through the annual budget-setting process and will therefore be progressed as standalone business cases.
- 11.8. The Welsh Government capital settlement for 2026/27 provides an increase of £50,000 (less than 1%) in core general funding, bringing the total allocation to £5.528 million. In addition, the settlement includes a further funding commitment to enable councils to support additional borrowing for highways capital pressures. No changes were made as part of the final settlement.
- 11.9. The draft capital budget proposals identified a number of additional investments for inclusion in the indicative programme, which initially resulted in a funding shortfall of £498,000. Since the draft budget was published, a small number of amendments have been made to reflect new and updated information. In addition, several fully grant-funded schemes have been incorporated into the final budget proposals.

11.10. Reflecting the strength of consultation feedback regarding the condition of the road network, and the importance placed by residents on tackling potholes and carriageway deterioration, the final capital programme includes an additional £2 million of investment, phased over a three-year period, to further enhance highways maintenance. This investment will be partly funded through the re-purposing of the Council's existing annual grant match funding budget of £500,000, with the remaining balance to be met through prudential borrowing. This approach enables targeted additional investment to be made while remaining consistent with the Council's Capital Strategy and the principles of affordability, prudence and sustainability.

11.11. These changes are summarised in the table below:

Additional capital investment	Draft Budget Recommendation 2026/27 £000's	Final Budget Recommendation 2026/27 £000's	Note
Highways & Structures, Carriageways	1,692	1,692	
Public rights of way – structural repairs, surveys and closures	352	352	
Car parks – resurfacing	100	100	
Road Safety Improvements & Signing Upgrades	32	32	
Flood alleviation	19	19	
Property maintenance - Asbestos maintenance	200	0	To be met from 2025/26 programme underspends following grant notification
Property maintenance – School condition surveys	150	0	To be met from 2025/26 programme underspends following grant notification
Property maintenance – Contract inflation uplifts	154	6	To be partially met from 2025/26 programme underspends following grant notification
Wye Bridge Chepstow - Scour repair and monitoring costs	330	330	
Chainbridge refurbishment 2026/27 - £2,457k 2027/28 - £2,500k	2,457	2,457	
Additional investment in Road resurfacing and potholes 2026/27 - £667k 2027/28 - £667k 2028/29 - £666k	0	667	

Total investment	5,486	5,655
Funding stream		
2026/27 Capital settlement increase	50	50
2026/27 Settlement increase - Highways borrowing	1,507	1,507
Unallocated budget brought forward	610	610
Reduction in ICT budget identified	21	21
Contingency budget for 2025/26 unutilised	1,300	1,300
Grant funding – Regional transport delivery plan	1,500	1,500
Re-purposing of grant match funding programme	0	500
Prudential borrowing	0	167
Total funding	4,988	5,655
Budget shortfall	498	0

11.12. A number of capital investment pressures submitted during the budget process could not be accommodated within the annual budget cycle. This reflects a combination of factors, including:

- the need for further information or clarity on scheme scope, timing, or cost;
- the requirement for a more comprehensive appraisal of available investment options;
- the need to demonstrate clearer alignment between proposed outcomes and the priorities of the Community and Corporate Plan; and
- the need to secure external grant funding to ensure financial viability.

11.13. These proposals will be progressed during the coming months as additional information becomes available and where full business cases can be developed that clearly demonstrate the requirement for investment. Any future approvals will be considered in line with established Council governance and decision-making processes.

11.14. The full capital budget for 2026/27, together with indicative budgets for the medium term, is set out in **Appendix G**.

12. THE PRUDENTIAL CODE

12.1. Under the Prudential Code, local authorities are required to publish Prudential Indicators produced to demonstrate that capital programmes are prudent, sustainable and affordable in the longer term. The indicators for 2026/27 to 2029/30 are contained at **Appendix H** to this report, assuming eventual Council approval of Cabinet's budget and Council Tax recommendations.

13. OPTIONS APPRAISAL:

13.1. Chief Officers and Directorates are required to consider and outline the options that have been considered for each of the budget proposals accommodated within the final budget proposals presented in this report.

13.2. The detail is contained in the original budget work that supported the drafted budget proposals. Where budget proposals have been amended or new changes introduced these are outlined in the report as part of the final budget proposals. These changes are summarised in **Appendix B**.

13.3. Final Council Tax and budget setting is reserved for decision of Full Council on 5th March 2026.

14. EVALUATION CRITERIA:

14.1. The assessment of the successful implementation of final budget proposals for 2026/27 is conducted throughout the year through regular budget monitoring and periodic reports to Scrutiny and Cabinet, currently scheduled for four times a year. In light of the budgetary risks identified in this report, the Financial Management Board will maintain its targeted reviews of service areas representing the highest budgetary risk.

14.2. Regular monitoring of the performance of the Council will take place against service business plans, and the Community and Corporate Plan. Taken together, these arrangements enable the Council to evaluate its success and progress against its longer-term plans within the resources available.

15. REASONS:

15.1. To make appropriate recommendations to Council on the revenue and capital budgets for 2026/27, and the resultant Council Tax recommended to be set for County purposes, taking into account the public consultation and scrutiny process in January and February.

15.2. As required by statute, to consider the Responsible Financial Officer's conclusions on the robustness on the budget process and the adequacy of reserves going forward.

15.3. To approve the Prudential Capital Indicators calculated by the Responsible Financial Officer.

16. RESOURCE IMPLICATIONS:

16.1. As identified within the report and appendices.

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

17.1. A cumulative impact assessment has been produced for the proposals and is attached at **Appendix C**. This was supported at draft stage by individual directorate impact assessments. The final budget proposals as presented do not contain any changes that materially affect the cumulative assessment that was originally carried out at the draft budget stage.

17.2. The assessment has enabled the Council to evaluate the overall potential impact of the budget on people within our communities. It is recognised that the proposals will affect different groups of people in different ways and the impact is evaluated on those people who possess protected characteristics. The Council also considers the cumulative financial impact of the proposals on households at different income levels. Finally, the assessment also looks at the budget through the lens of sustainable development principle established by the Well-being of Future Generations Act.

17.3. It is inevitable that the assessment has identified impacts on some groups of people. Local authorities provide universal services such as highways and waste collections which bring benefits to all. However, many of our services such as education and social care are delivered to proportionately higher numbers of disabled people, younger and older people. The assessment highlights the anticipated positive effects of increasing expenditure on certain groups. For example, the potential positive impact of providing additional funding to support Additional Learning Needs in education and meeting the costs of increasing and more complex cases in adults and children's social care. These will bring benefits to younger, older people and disabled people. It also shows that increased charges for services such as community meals and residential care could have a potential negative impact on some of the people with these protected characteristics.

17.4. The development of the impact assessment has been an iterative process and has been produced alongside the budget proposals. This means that we have been able to understand the potential impacts and adjust our thinking as we have gone along. As a result, we have been able to adjust some proposals or introduce mitigating actions to lessen the impact of some of the difficult decisions we are faced with, on the most vulnerable in our communities. In services such as domiciliary care, national caps applied to charges, and the application of means testing significantly lessens the impact of rising costs on those least able to afford the increases.

17.5. The nature of the services we provide means that almost any change to a council service will have a socio-economic impact. We know, for example, people on lower incomes will be more affected by increased fees and charges. The assessment models the potential financial cost of proposed increased fees and charges on different household compositions and income levels and sets out what these would have been if we had not developed mitigating actions to reduce the effects. For example, it shows that for a household of two adults, with two dependent children and one older person with an income of £36,000, the mitigations we put in place reduced the potential impact from the increased fees and charges to 0.33% of their total income from a starting point of 1.94% of their total income.

- 17.6. Conducting the assessment alongside the development of the budget has allowed us to identify actions that mitigate the potential negative effects of our proposals on vulnerable people and households on the lowest incomes. It also highlights the anticipated positive effects of increasing expenditure on certain groups. This helps to offset some of the effects. The assessment will be updated to take account of feedback received during the budget consultation.

CONSULTEES:

Cabinet
Strategic Leadership Team

BACKGROUND PAPERS:

- a) Directorate Budget builds, detailed capital programme and associated papers
- b) Draft revenue budget proposals, draft capital budget proposals – released on consultation by Cabinet on 21st January 2026
- c) Welsh government publications - Provisional & Final Local Government Funding Settlements
- d) The CIPFA Prudential Code for Capital Expenditure

AUTHORS:

Jonathan Davies – Head of Finance (Deputy S151 officer)

CONTACT DETAILS:

Tel: (01633) 644114
Email: jonathandavies2@monmouthshire.gov.uk

Appendices:

- A Overview of Council budget consultation process and feedback
- B Revenue budget summary
- C Cumulative impact assessment
- D Use of reserves for budget purposes and forecast reserve balances
- E Revenue budget service groupings
- F Responsible Financial Officers Opinion
- G Capital Budget Summary

- H Prudential Indicators
- I Capital and treasury management strategies 2026/27
- J Final Settlement Data and Specific Grants 2026/27 (All Wales)



monmouthshire
sir fynwy



LET'S **TALK**
**BUDGET AND
PRIORITIES**

**2026/27
CONSULTATION SUMMARY**



CONSULTATION SUMMARY

Introduction

From 22 January to 18 February 2026, the Let's Talk Budget and Priorities 2026-27 consultation allowed residents and stakeholders to share their thoughts on the council's draft budget for the financial year 2026-27.

We provided multiple options for people to give feedback on the draft budget. These options included an online survey, a paper survey, community drop-in sessions, and online Q&A sessions. Additionally, we engaged with targeted stakeholders.

This report brings together the responses we received. It summarises the key themes and highlights areas of agreement and concern.

Throughout the consultation, the survey received 416 responses, across both online and paper copies.

We would like to thank everyone who took the time to participate. Your views are crucial. They help ensure future decisions are based on evidence, shaped by real experiences, and aimed at benefiting our communities the most.





Stakeholder Engagement

Public drop-in sessions

Across the five face-to-face drop-in budget engagement sessions, cabinet members and officers received feedback on a range of issues from potholes to frontline services.

Road surfacing and flood recovery were high on the agenda in the north of the county following the recent storms, with congestion a hot topic in the south.

The proposed increase to council tax received both positive and negative feedback. Some attendees felt it necessary in order to pay for services, with others feeling as though they were not being provided value for money.

All sessions also provided the chance for residents to complete the survey.

Community Groups and Warm Hubs

Across the consultation period, officers attended warm hub spaces to speak to residents and provide them an opportunity to learn more and complete the survey. Attendance from officers was well received across the groups with a number of people taking the opportunity to collect a hard copy of the summary document and survey or scanning the QR code to find out more online.

School Budget Forum

Cllr Ben Callard, Cabinet Member for Resources, provided a presentation of the draft budget to the School Budget Forum. Highlighted as part of the presentation was the proposed increase in education budget, with an additional £1million above the standard inflation costs. Cllr Callard also highlighted the investment in additional learning needs, Welsh language provision and the Inspire programme to support learners stay in school, gain employment or access training. Questions were raised by attendees around how the funding would be distributed, which Cllr Callard provided an answer for.

School Headteachers Budget Meeting

Monmouthshire Schools Headteachers were provided an update on the proposed budget for 2026-27. Following a presentation from Cllr Ben Callard, he and officers provided an opportunity for attendees to ask questions and discuss budgets across Monmouthshire schools.



Stakeholder Engagement

...continued

School Governors Budget Meeting

Cllr Ben Callard, along with officers, provided a comprehensive explanation of Monmouthshire Council's annual budget planning process, highlighting the use of the community and corporate plan, the medium-term financial strategy and the importance of aligning spending with council priorities and resident feedback. Questions were raised around the distribution of the additional funding, the Welsh Government funding settlement process and maintenance and capital projects within primary schools.

Youth Clubs

Cllr Angela Sandles, Cabinet Member for Equalities and Engagement, visited youth clubs to discuss the importance of young people taking part in consultations and how decisions can affect their day-to-day lives. Following the visits, officers noted that conversations continued, fostering a better understanding of the importance of sharing their views.

Online Engagement sessions

Online engagement sessions allowed residents to sign up to hear from the Cllr Ben Callard, Cabinet Member for Resources and the council's Leader, Cllr Mary Ann Brocklesby on the draft budget and priorities. Following a presentation, the session was opened to a Q&A session. Attendees could pre-submit questions or ask them live in the Q&A section of the call. Questions varied and covered topics such as closing the gap in the draft budget, council tax increases, how the council supports Welsh-language education for adults, and staff pay increases.

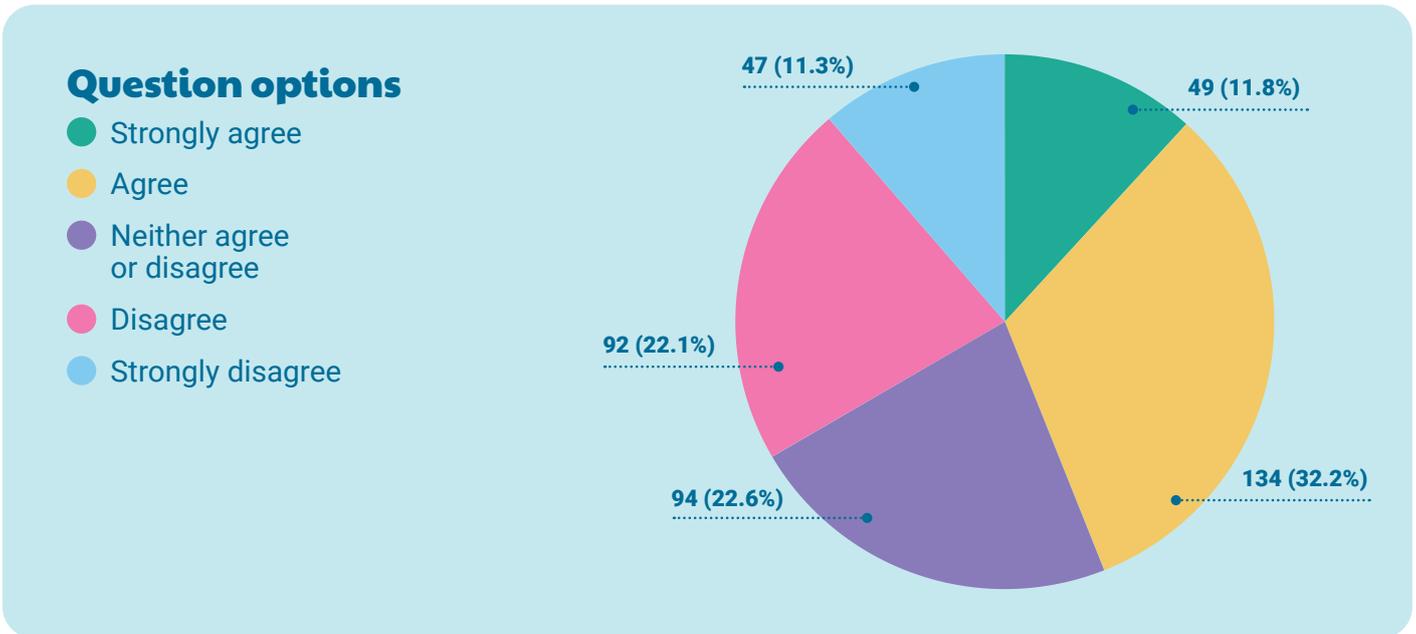
Town and Community Councils

The engagement session provided an overview of the current proposed draft budget 2026-27 by Cllr Ben Callard and Cllr Mary Ann Brocklesby. Following the presentation, Cllr Callard and Cllr Brocklesby invited attendees to ask questions. Questions varied among attendees and covered topics such as the proposed council tax, road conditions, in particular potholes and drainage, the levies the council pays to partner organisations, and the current school budget situation. Cllr Callard and Cllr Brocklesby responded to all questions. The session closed with a focus on maintaining service resilience and financial sustainability ahead of the next budget cycle.



Survey response

Question 1: Do you agree with draft budget set out for 2026-27?



Question 2: Please feel free to tell us more about why you answered the first question the way you did.

The feedback highlights a general understanding among residents of the council's financial constraints, though it remains a concern for many.

Many respondents express a strong commitment to protecting essential services, such as education, support for additional learning needs, children's services, and adult social care.

The proposed 5.95% increase raises concerns, as respondents note affordability issues for some households.

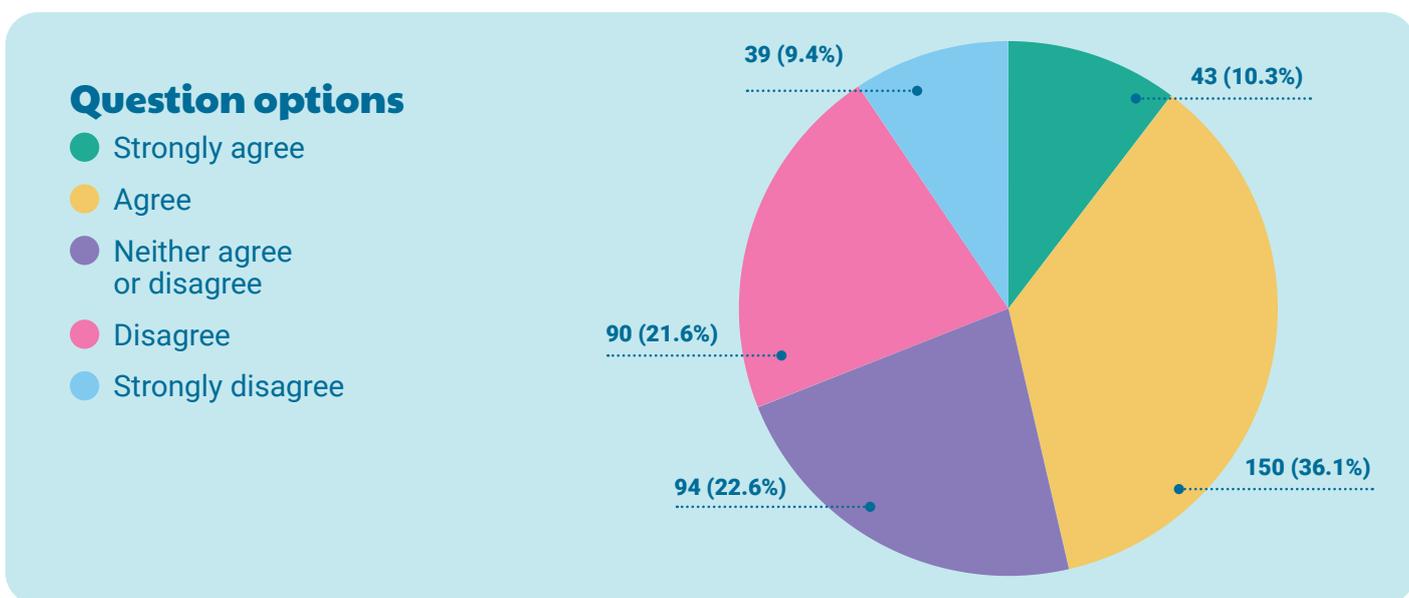
Comments about roads and highways are particularly prominent in responses, with potholes a recurring issue for many in the county.

Respondents do comment favourably on the proposed no reductions in services, with positive comments made around libraries, community hubs, waste and youth services.



Survey response

Question 3: Do you feel the council has struck the right balance in protecting and investing in priority areas, such as care, schools and community infrastructure?



Question 4: Please feel free to tell us more about why you answered the above question the way you did.

Many people support investing in schools, social care, and services for those in need, viewing them as vital community resources. While some comments acknowledge the challenges of balancing the budget in a difficult financial climate, many agreed that the council has made commendable efforts to find a reasonable balance.

There are concerns regarding some priorities. Roads and highways emerged as a significant issue, with many mentioning potholes and the need for better repairs and drainage solutions.

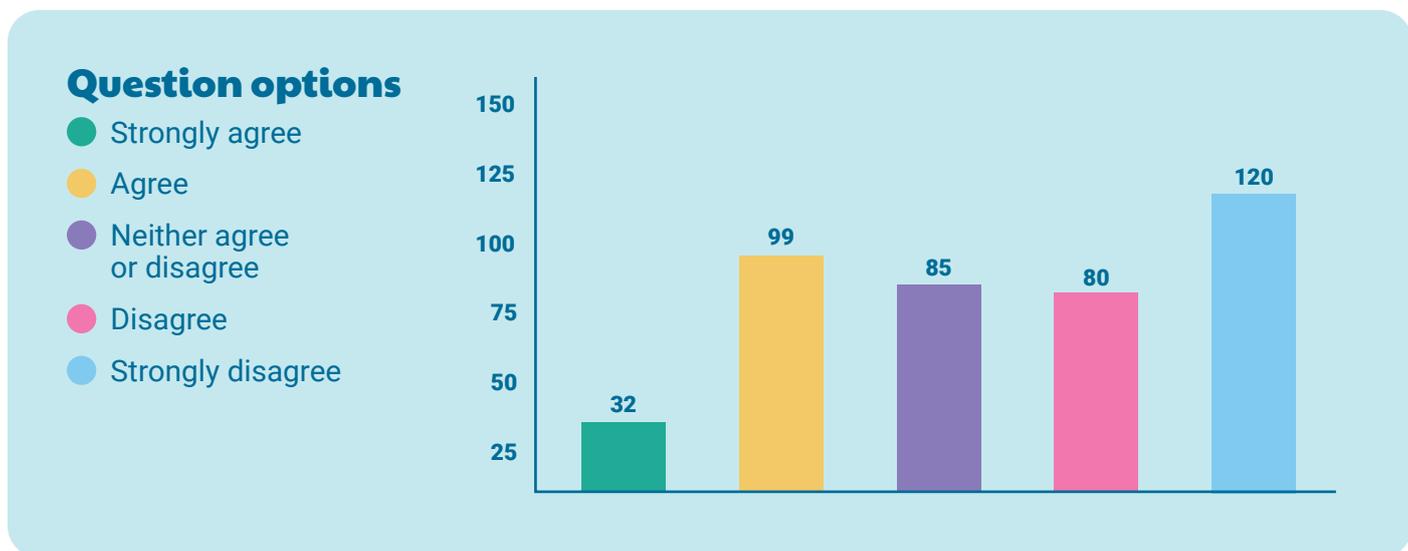
Residents express concerns about flooding and the adequacy of flood-prevention measures. There is also a shared concern about rising council tax and its implications for value for money, community safety, and equitable access to county facilities.

There is a genuine appreciation for the support provided to carers, as well as for schools, libraries, and leisure centres. People also highlight the importance of services that help them maintain their independence and overall well-being.



Survey response

Question 5: 60% of our budget comes from the Welsh Government. The remaining budget is funded by council tax, fees, and charges. To help cover service costs, we are proposing a 5.95% increase in council tax. Do you agree with this?



Question 6: If you do not agree with the proposed council tax increase, where would you make additional savings or service reductions to counter the shortfall this would create?

Many responses acknowledge that an increase in council tax may be necessary to safeguard vital services such as social care, education, and frontline support.

Constructive suggestions have emerged as well, focusing on efficiency-driven approaches such as improved procurement practices, shared services, generating income, and rethinking service delivery rather than implementing broad cuts.

Responders expressed a wish for clearer details on how the funds will be used, along with a hope to see tangible local benefits.

Many people are expressing concerns about the proposed council tax increase, particularly amid ongoing cost-of-living challenges. Respondents have commented on transparency regarding how the budget increases are determined and how additional funds might lead to improvements.



Survey response

Question 7: Would you like to leave any further comments regarding the Draft Budget and Priorities 2026 - 2027?

Common theme across the responses concerns highways and infrastructure. Many individuals have noted issues such as potholes, poor resurfacing, faded road markings, and blocked drains, as well as concerns about flooding risks. They are advocating for more long-term investment and preventative maintenance. Traffic congestion, particularly in areas like Chepstow and Caldicot, has also been highlighted.

Another significant topic is the proposed increase in council tax. Many responses acknowledge that an increase in council tax may be necessary to safeguard vital services such as social care, education, and frontline support, but respondents have opposed the proposed increase due to ongoing cost-of-living challenges. Many feel it's important for the council to demonstrate financial discipline and are encouraging more efficient practices. Some have raised questions about capital spending decisions and expressed concerns about debt repayment costs, calling for greater transparency around senior pay and budget allocation.

Despite these concerns, there are also many positive and supportive responses. Some individuals recognise the challenges of balancing the budget and express trust in the council, accepting that council tax increases may be necessary to maintain essential services. Many have praised the clarity and accessibility of the consultation materials. There is support for investing in areas such as education, youth services, leisure, flood response, and community support, with some sharing personal stories about the positive impacts of these services.

Overall, while there are worries around affordability and infrastructure, many people are also aware of the financial pressures the council faces and the need for thoughtful decision-making. There's a strong desire for constructive dialogue, with suggestions for improvements such as investing in preventive measures, supporting community hubs, and enhancing town centre regeneration, reflecting a collaborative spirit among residents.

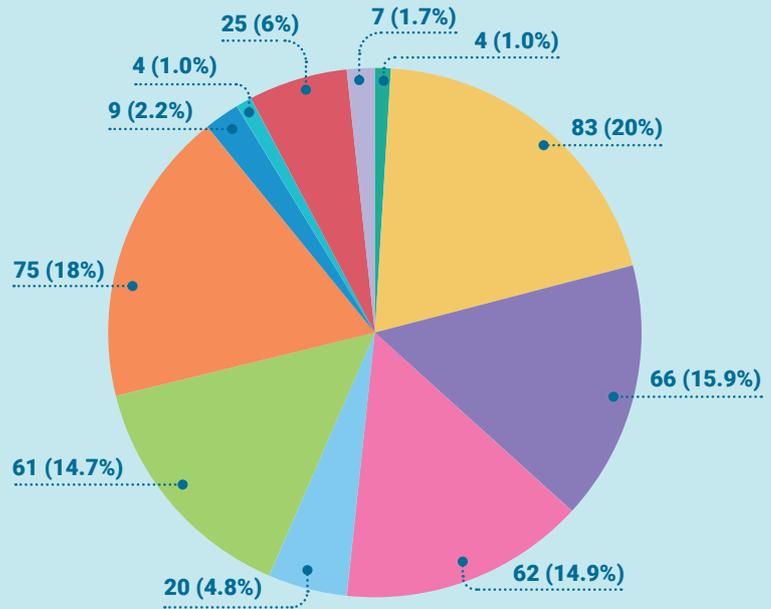


Survey response

Question 8: Please tell us your nearest town or village

Question options

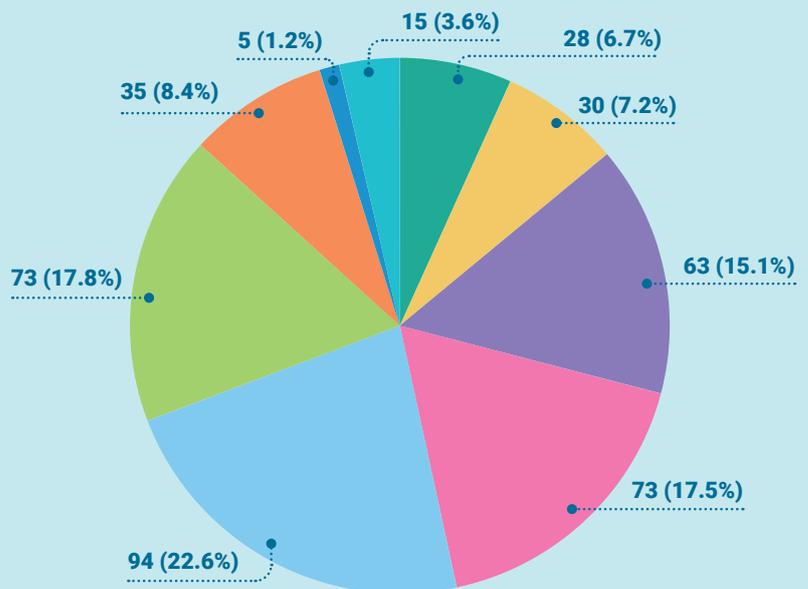
- Other
- Abergavenny
- Caldicot
- Chepstow
- Gilwern
- Magor with Undy
- Monmouth
- Raglan
- Tintern
- Usk
- Prefer not to say



Question 9: Please let us know which age group you fall within

Question options

- 16-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75-84
- 85+
- Prefer not to say



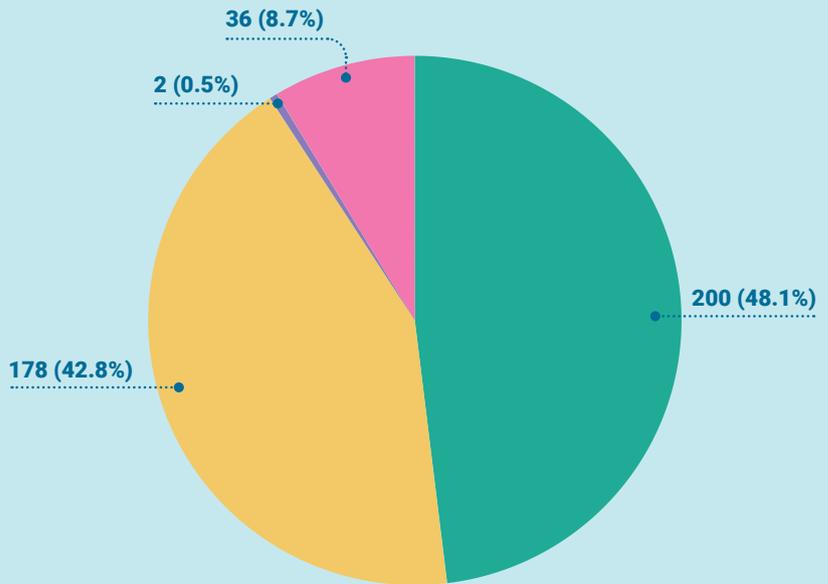


Survey response

Question 10: What gender do you identify as?

Question options

- Female
- Male
- Non-binary
- Prefer not to say

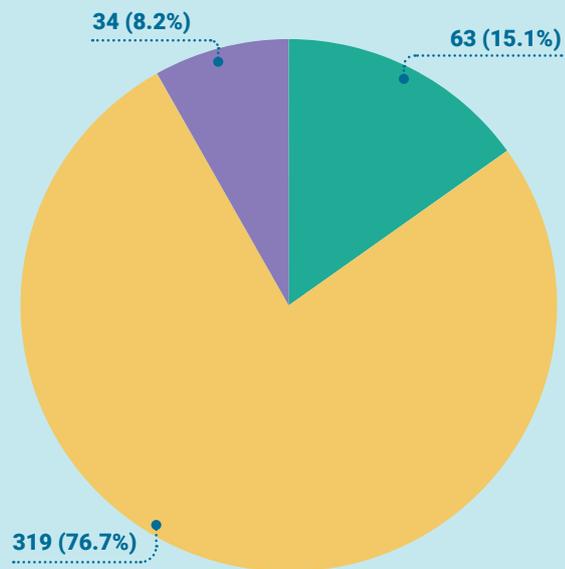


Question 11: Do you consider yourself to have a disability as defined by the Equality Act?

Disability is defined by the Equality Act 2010 as: A physical or mental impairment, which has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities. The disability could be physical, sensory or mental and must be expected to last at least 12 months.

Question options

- Yes
- No
- Prefer not to say



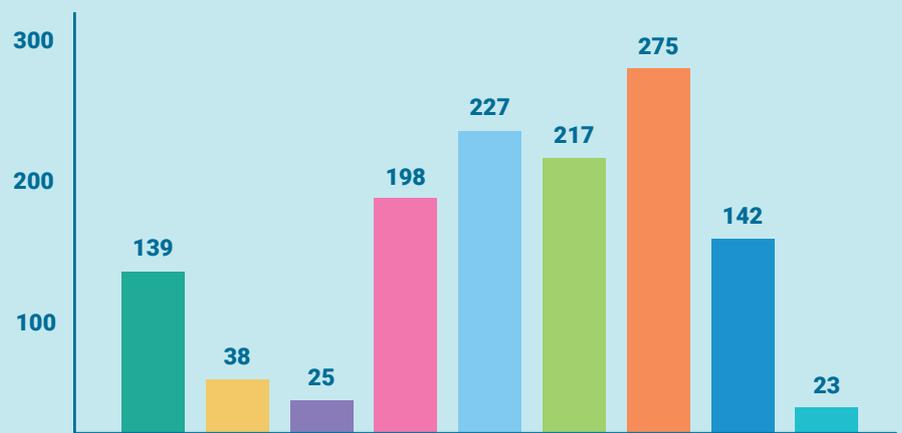


Survey response

Question 12: Do you use any of these Council services on a regular basis?

Question options

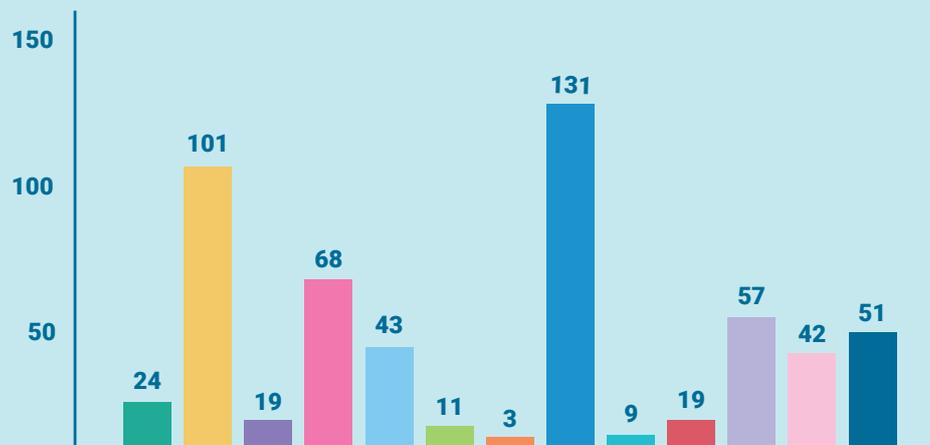
- Schools (yourself or as a parent/guardian)
- Social care (direct care or supported as a carer)
- Youth clubs
- Leisure Centres
- Community Hubs/ Libraries
- Garden Waste Collection
- Recycling Centres
- Heritage & Culture sites
- None of the above



Question 13: Where did you hear about this consultation?

Question options

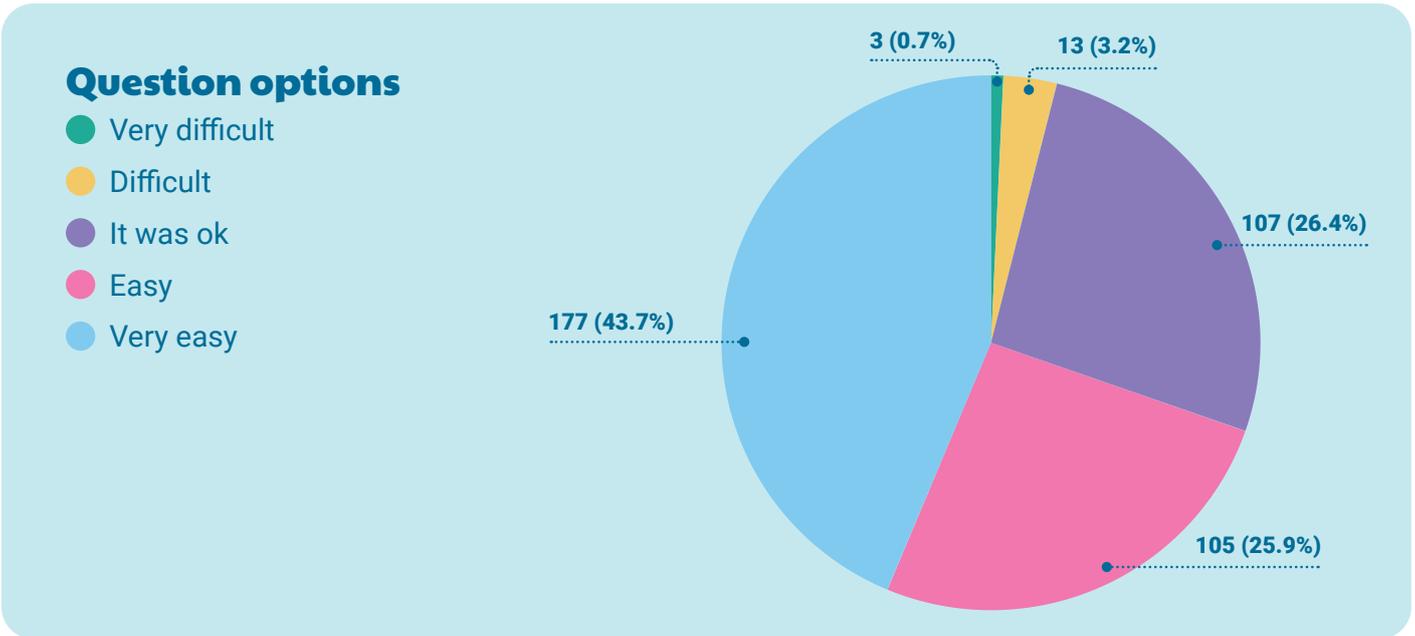
- Other (please specify)
- Monmouthshire.gov.uk
- Monlife.co.uk
- Via the Let's Talk Monmouthshire website
- Via the Let's Talk Monmouthshire newsletter
- Via My Monmouthshire
- From a newspaper
- On Facebook
- On X (Twitter)
- On Instagram
- In a library or community hub
- Word of mouth
- Via my local councillor





Survey response

Question 14: How easy have you found this survey to complete?



This page is intentionally left blank

Appendix C - Evaluating the Potential Impact of the 2026-27 Budget

Introduction

This report outlines the results of the impact assessment undertaken alongside the budget proposals for the financial year 2026-27. The assessment has two aims:

- to help assess the overall potential impact of the budget on different groups of people within our communities and,
- to identify actions that mitigate against or reduce the potential negative effects of our proposals on vulnerable people and households on the lowest incomes.

The council has demonstrated robust financial management in recent years in the face of significant financial challenges and budget pressures. In response to these, we are adopting a strategic, evidence-led approach focused on long-term reform, taking a preventative approach, improved financial resilience, and service change, particularly in high-expenditure areas such as Social Care & Health and Children, Learning, Skills & Economy.

The council continues to face ongoing financial challenges as we develop our budget for 2026/27 including low reserves, limited efficiency options, and rising demand. The platform provided by the long-term approach we have taken is supporting us to address these. The proposals we have developed are aligned with the commitments in our Community & Corporate Plan and guided by the budget principles within our Medium-Term Financial Plan.

Our approach considers the whole budget, not just areas that aid in closing the budget gap. This ensures our budget is sustainable and targeted towards delivering better outcomes for residents, including prioritising those who are near to needing statutory support as part of our whole authority approach to wellbeing and prevention. Key frontline services will benefit from increased funding in 2026/27 with Social Care & Health budgets increasing by 5.6% and Education by 4.7%. To partly fund increased investment in key services we are intending to change the way some things operate and increase our income. The budget includes proposals for service savings and efficiencies. We know our residents will rightly expect us to contain our costs wherever possible and to ensure we are operating as efficiently and effectively as we can.

In developing our budget proposals we have had to take some difficult decisions. These will affect residents in different ways. We recognise, for example, that changes in social care could be felt more acutely by older people and disabled people. Increased charges for services, such as car parking, will be more of an issue for those on lower incomes. This does not just mean those who are unemployed. People who experience in-work poverty, disabled people or those with protected characteristics may also be affected.

We recognise that there is a correlation between some protected characteristics and an increased risk of poverty. Intersectionality plays a large role; the more protected characteristics a person has, the more likely they are to experience financial hardship.

The development of this impact assessment has been an iterative process. It is produced alongside and in tandem with the budget proposals. This means that we have been able to understand the potential impacts and adjust our thinking accordingly based on the potential impacts on different groups. As a result, we have been able to amend some proposals or introduce mitigating actions to lessen the impact of some of the difficult decisions we are faced with, on the most vulnerable in our communities.

We assessed the impact of our proposals through:

- Part 1 - An overall Integrated Impact Assessment which summarises the effects of all budget proposals which could alter a service or the way that service is delivered. This assesses the potential impact on the national well-being goals and the ways of working enshrined in the Well-being of Future Generations Act and the people and groups who possess the protected characteristics specified under the Equality Act 2010.
- Part 2 - A review of the potential cumulative financial impact on households with different income levels. This helps us particularly understand the potential impact on those experiencing socio-economic disadvantage, in line with the socio-economic duty in Wales.

Many of the proposals have been assessed in impact assessments completed by each of our directorates. These have been developed and considered by Cabinet as proposals have evolved. Ongoing feedback has been used to refine the options that were put forward for public consultation. We recognise that people are the experts in their own lives and the consultation could result in additional issues being identified which will further enhance the impact assessment.

Open and robust scrutiny and challenge has been an essential part of the budget setting process. The assessment has been finalised following the consultation undertaken in January and February 2026.

You can read more about the legal basis for this work and the underpinning methodology in the appendices.

Part 1: Overall Integrated Impact Assessment

This provides an overview of the impact, both positive and negative, of the budget proposals and the mitigating actions we have identified to reduce the effects on vulnerable groups and those with protected characteristics. These mitigations were developed in line with the principles guiding the budget setting process.

The assessment identifies areas where there is a risk that changes resulting from budget proposals may have a significantly greater impact on particular groups when looked at together with other proposals. By doing this, we can identify where we may need to mitigate against negative impacts on certain groups of people. Mitigating actions could include re-shaping services to target them more efficiently at certain groups or communities to reduce the potential of disproportionate impacts on groups with protected characteristics as defined by the Equality Act 2010.

This is the same tool that accompanies specific directorate budget proposals. It does not highlight every single issue but reveals some of the key impacts of budget proposals and provides scope for continual learning and improvement as proposals have been developed. Further details of the assessed impacts of proposals are provided in the full budget papers.



monmouthshire
sir fynwy

Integrated Impact Assessment document (Incorporating Equalities, Future Generations, Welsh Language and Socio-Economic Duty)

<p>Name of the Officer: Richard Jones</p> <p>Phone no: 01633 740733 E-mail: richardjones@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal: To deliver a balanced budget while continuing to make progress against the council's longer term aims.</p>
<p>Name of Service area: Chief Executive's</p>	<p>Date: 24th February 2026</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	<p>Local authorities provide universal services such as highways and waste collections which bring benefits to all age groups. However, many services such as education and social care are delivered to proportionately higher numbers of younger and older people and as a result these groups are more likely to experience the effects of any changes to services resulting from the budget.</p> <p>The additional funding for schools will enable schools to meet demand pressures and ensure children and young people are supported to achieve their potential.</p> <p>Meeting the funding gap due to a decrease in grant funding in the Inspire Programme will allow for the continuation for the service. This will ensure continued support for children and young people to remain in or return to school or an appropriate educational setting.</p> <p>The commitment to providing additional funding to support pupils with Additional</p>	<p>An increase in the cost of an hourly rate of care could adversely affect some older residents who may rely on the service. The increase may result in some residents accessing a fewer number of hours of care.</p> <p>An increase to residential and nursing fees within Adult's Social Care may negatively affect older residents who access the service. Increased charges may mean some residents can no longer access the service, or may require an increased number of residents and families to 'top-up' their care, if they are to continue to access their chosen care placement.</p> <p>The charge service users pay for Monmouthshire Meals (sometimes known as 'Meals on Wheels') will increase. This subsidised service is currently used by around 220 people. This could affect users, who are those with an assessed care need, and affect older frail adults and their carers. Some people may choose to stop receiving the service. However, there are private providers of community meals type services in the county which could potentially mitigate this</p>	<p>The cost of care in Wales is capped at a weekly maximum of £100 per week, which remains unchanged for 2026/27.</p> <p>The fees charged for residential and nursing care are based on an individual's ability to pay after undergoing a means tested financial assessment.</p> <p>We will ensure the Social Services and Well-being Act charging legislation is adhered to. This ensures that service users are means tested to determine their ability to pay.</p> <p>Increased demand, the fragility of the social care sector and the availability of care staff remain a key risk for Adult Social Care which needs to be considered as part of budget proposals.</p> <p>In the event that proposals result in staffing reductions, we will ensure that the Protection of Employment Policy is adhered to at all times. This will ensure that we are able to redeploy staff wherever possible. Trade Unions will be</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>Learning Needs (ALN) will help ensure that children and young people with complex ALN are provided with appropriate provision to meet their identified needs. Increasing the capacity of special resource bases (SRBs) will enable more pupils with ALN to attend, reducing the need for children to travel to out-of-county placements.</p> <p>The appointment of a Vulnerable Learning Lead will further our support for vulnerable pupils in the county and ensure their needs are considered and met. The appointment of an Education Welfare Officer within the pupil referral service (PRS) will support the delivery of the service, ensuring the needs of the children and young people within the PRS are appropriately met.</p> <p>The appointment of an additional teacher to support the delivery of Welsh medium education within the county will help drive forward the council's ambition of increasing Welsh-medium provision to meet demand.</p> <p>Meeting the funding gap due to a decrease in grant funding for non-maintained childcare settings will allow</p>	<p>effect for some users. We recognise that private providers may not deliver to all areas exacerbating issues of geographical inequality.</p>	<p>briefed through meeting of the Joint Advisory Group in January.</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>children to continue to access early education which is an important part of their development.</p> <p>Investing in additional resource to support the provision of Social Emotional Mental Health support within schools will ensure children and young people feel supported and able to remain in school.</p> <p>Providing additional funding to meet the costs of placements in both adult and children’s social care resulting from higher demand and more complex cases will ensure that both children and young people and older people in receipt of care continue to be supported, helping them to live independently, access vital services, improve their quality of life and maintain close relationships with family and friends.</p> <p>Providing additional funding to uplift social care provider fees will increase the likelihood that independent care providers can continue to operate in our area, helping the council to secure care for vulnerable people.</p> <p>The council is committed to eliminating profit from care for children and young</p>		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>people. Changes to practice in children’s placements seek to drive forward this objective, aligned to the Placement Development Strategy, and provide more appropriate and better aligned placements for those children and young people who require them. This would mean less placements of children looked after with independent fostering agencies and result in a financial saving for the council.</p> <p>Meeting the funding gap for Family Support will ensure children are supported to remain with their family wherever possible and within their communities.</p> <p>Additional funding to increase the fees and allowances paid to foster carers will aid the council’s aim of increasing the number of local authority foster carers in the county. This will mean that fewer children are placed in private placements or residential children’s homes which can often be far from their familiar community and more costly than in-house provision.</p>		<p>The improvements in care planning are reliant on the implementation of the Placement Development Strategy, including developing further and appropriate placements within the council and with foster carers.</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Disability	<p>Many of our services, such as social care, are delivered to proportionately higher numbers of disabled people.</p> <p>The commitment to providing additional funding to support pupils with Additional Learning Needs (ALN) will help ensure that children and young people with complex ALN are provided with appropriate provision to meet their identified needs. Increasing the capacity of special resource bases (SRBs) will enable more pupils with ALN to attend, reducing the need for children to travel to out-of-county placements.</p> <p>Providing additional money to meet funding pressures in adult and children's social care will allow those experiencing physical and learning disabilities as well as ill-health, both mental and physical, to continue to receive support, to live independently and access vital services.</p> <p>Putting in place additional funds to uplift social care provider fees will increase the likelihood that independent care providers can continue to operate in our area, helping the council to secure care for vulnerable people.</p>	<p>As highlighted in the age category, the charge service users pay for Monmouthshire Meals will increase. The service is currently used by around 220 people. This would affect users of the service, including disabled people and their carers. Some people may choose to stop receiving the service. As highlighted in the age category of this assessment we recognise that private providers may not deliver to all geographical areas exacerbating issues of geographical inequality in alternative service provision.</p> <p>An increase in the cost of an hourly rate of at-home care may affect a higher proportion of disabled residents who may be reliant on the service. The increase may result in some residents accessing a fewer number of hours of care.</p> <p>An increase to residential and nursing fees within Adult's Social Care may negatively affect residents with a disability who require certain levels of care. Increases in charges may mean some residents can no longer access the service, and may need to reduce the number of hours of care received.</p>	<p>The cost of care in Wales is capped at a weekly maximum of £100 per week, which remains unchanged for 26/27.</p> <p>The fees charged for residential and nursing care are based on an individual's ability to pay after undergoing a means tested financial assessment.</p> <p>We will ensure the Social Services and Well-being Act charging legislation is adhered to. This ensures that service users are means tested to determine their ability to pay.</p> <p>Increased demand, the fragility of the social care sector and challenges recruiting care staff remain a key risk for Adult Social Care which needs to be considered as part of budget proposals.</p> <p>There are private providers of community meals services in the county which could potentially mitigate this effect for some users.</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	Local data highlights that 57% of users of Citizens Advice in Monmouthshire were disabled or had a long-term health condition. Increasing the funding available to this service would ensure these individuals can continue to be supported.		
Gender reassignment	At this stage proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment.	At this stage, proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	None identified at this stage.
Marriage or civil partnership	At this stage proposals haven't identified a particular overall impact, either positive or negative. Same-sex couples who register as civil partners have the same rights as married couples in employment and must be provided with the same benefits available to married couples, such as survivor pensions, flexible working,	At this stage proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	None 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?
	maternity/paternity pay and healthcare insurance.		
Pregnancy or maternity	<p>At this stage proposals haven't identified a particular overall impact, either positive or negative.</p> <p>In the provision of services, goods and facilities, recreational or training facilities, a woman is protected from discrimination during the period of her pregnancy and the period of 26 weeks beginning with the day on which she gives birth.</p>	<p>At this stage proposals haven't identified a particular overall impact, either positive or negative.</p> <p>We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.</p>	None identified at this stage.
Race	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race.	<p>At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race.</p> <p>We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.</p>	None identified at this stage.
Religion or Belief	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by religion or belief.	<p>At this stage proposals haven't identified a particular overall impact, either positive or negative.</p> <p>We know from research, that people with some protected characteristics are likely to be</p>	None 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?
		disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	
Sex	Local data shows that approximately 55% of users of citizens advice services are women. An increase in grant funding for this service should have a proportionally higher benefit on this group.	Women make up the majority of both paid and unpaid caring roles. Any reduction in services available for adults with care and support needs will negatively impact on carers; and therefore, the impact will be felt disproportionately on women.	The council will continue to make use of all staff wellbeing resources, including stress risk assessments to understand and mitigate demands placed on staff.
Sexual Orientation	At this stage proposals haven't identified a particular overall impact, either positive or negative that will differ according to sexual orientation.	At this stage, proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands and therefore proportionality more likely to be affected by increases in fees and charges.	None 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 council provides a range of services that support people experiencing socio-economic disadvantage. Any increase in fees and charges for services will have a higher impact on households with the lowest incomes. Many service areas already have mitigations or discounts in place to reduce the socio-economic impact of charges.</p> <p>Uplifting social care provider fees will enable those providing social care to continue pay the real living wage to care workers who are typically on lower incomes. This is in line with the commitment made by the Welsh Government.</p> <p>Children who are looked after and care experienced young people often face socio- economic disadvantages and a paucity of support networks. Practice change in children’s services seeks to</p>	<p>Adults with care and support needs, and their carers, can often be economically disadvantaged. As highlighted in the introduction, there is a correlation between some protected characteristics and an increased risk of poverty. The more protected characteristics a person has, the more likely they are to experience financial hardship.</p> <p>The budget contains a proposal to increase charges for domiciliary care from £24 to £26 per hour. (Fees and Charges report). These are currently capped at £100 per week in Wales, which provides a significant mitigation. A further mitigation is provided in the form of means testing, as only those who are assessed as being able to afford this will pay. There will also be increases in fees for residential care.</p>	<p>Charges for domiciliary care are currently capped at £100 per week in Wales. Means testing is also in place so only those who are assessed as being able to afford this will pay. See the Fees and Charges report which is part of the budget proposals for more details.</p> <p>Ensuring that practitioners in social care understand the impact of socio-economic disadvantage on individuals with care and support needs and have the right skills and knowledge to be able to support people in such circumstances (across social care).</p>

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>provide the best support for young people as they approach adulthood through the provision of appropriate accommodation, support and services that should have a positive effect on their longer-term social and economic well-being.</p> <p>The case to invest in foster carer fees and allowances should enable more children in care to remain in the local area. This in turn should contribute towards reducing the inequalities across a whole range of outcomes associated with socio-economic disadvantage.</p> <p>Meeting the funding gap due a decrease in grant funding in the Inspire Programme will allow for the continuation for the service, ensuring vulnerable children and young people in our schools are supported to remain in or return to school or an appropriate educational setting.</p> <p>The appointment of a Vulnerable Learning Lead will further our support for vulnerable pupils in the county, ensuring their needs are considered and met.</p> <p>Meeting the funding gap due to a decrease in grant funding for non-maintained</p>	<p>This will impact on proportionately more older people. These are also means tested providing mitigation to those on the lowest incomes.</p> <p>As highlighted in section one, the price people pay to have Monmouthshire Meals delivered to their homes will increase. Private alternatives are in place for those who cannot or do not want to pay the higher charge. However, we recognise that private providers may not deliver to all geographical areas of our county, exacerbating issues of geographical inequality.</p> <p>Increases to car park charges will have a disproportionate effect on those experiencing socio-economic disadvantage who may have to pay a higher proportion of their income to park near their workplace or when accessing services in town centres.</p> <p>An increase in Council Tax will have a financial impact on all households on lower incomes, as any bills will form a higher proportion of their household</p>	<p>The Council Tax reduction scheme offers some mitigation, council tax is means tested and those who qualify are able to apply for a reduction. Single person</p>

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	<p>childcare settings will allow children to continue to access early education which is an important part of their development. This will also ensure low-income families benefitting from the service can continue to do so, ensuring free or low cost childcare and enabling parents to access work when they otherwise may not be able to.</p> <p>Local data shows that users of the Citizens Advice service are more likely to come from areas suffering economic deprivation. An increase in funding is likely to have a positive effect on this group.</p>	<p>expenditure. As a result, they are likely to feel the impact more acutely. Those who are eligible, are able to apply for a reduction in council tax through the Council Tax reduction scheme which will mitigate the effects of the increase.</p> <p>There is a risk that any budget proposals that increase discretionary charges will have a disproportionate impact on people on low incomes and therefore will widen economic inequality.</p>	<p>households are eligible for a 25% reduction on council tax.</p> <p>An increase in funding for citizens advice is likely to have a positive impact as it will increase support for those suffering economic disadvantage.</p> <p>In the event that proposals result in staffing reductions, we will ensure that the Protection of Employment Policy is adhered to at all times. This will ensure that we are able to redeploy staff wherever possible. Trade Unions will be briefed through the Joint Advisory Group.</p> <p>It is important to assess and understand the impact of our proposals on those in poverty, especially if there is a cumulative impact from a number of proposals. The evidence in this paper helps assess the overall potential impact of the budget on different people within our communities and looks to establish the cumulative financial impact of the budget.</p>

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 Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably.</p>	<p>All proposals will comply with the Welsh language standards applicable to the authority.</p> <p>Investing in the appointment of an additional teacher to support Welsh provision will make a positive contribution to the delivery of the Welsh Education Strategic Plan (WESP), enhancing the delivery of and furthering the promotion of Welsh medium education.</p>	<p>None identified at this stage</p>	<p>All signage and material arising from budget proposals will be compliant with the Welsh Language (Wales) Measure 2011 and Welsh Language Standards.</p>
<p>Operational Recruitment & Training of workforce</p>	<p>We will ensure that new vacancies are assessed and where possible advertised as 'Welsh essential' to increase opportunities for people to engage with the council through the medium of Welsh.</p>	<p>None identified at this stage.</p>	<p>Ensure that new roles are assessed to determine Welsh language requirements. Active promotion of vacancies in Welsh language publications and websites as well as targeted promotion via LinkedIn.</p> <p>Continue to promote and fund language courses to increase the number of learners in line with the aspirations in our Welsh Language Strategy.</p>

<p>Service delivery Use of Welsh language in service delivery Promoting use of the language</p>	<p>Investing in the appointment of an additional teacher to support Welsh provision will make a positive contribution to the delivery of the Welsh Education Strategic Plan (WESP), enhancing the delivery of and furthering the promotion of Welsh medium education.</p>	<p>None identified at this stage</p>	<p>Ensure that appropriate mitigations are put in place at a service level to mitigate the loss of any individuals on our overall ability to provide services in Welsh.</p>
--	---	--------------------------------------	---

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.

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>Overall spending on services will increase as a result of this budget. This will ensure that the council is able to continue to run services that meet the needs of people, communities and businesses contributing to all of the national well-being goals as well as the aspirations of our Community and Corporate Plan for Monmouthshire to be a thriving and ambitious place.</p> <p>The proposals include an addition investment in school budgets to meet the demand schools are facing in maintaining attendance levels and improving standards.</p> <p>Several proposals meet additional resource requirements for specialist education support in order to ensure that young people are able to receive the support they require. This could support their future job prospects.</p> <p>Continuing to support the Inspire programme to offset reductions in grant funding, will continue support to young people at risk of not being in Education, Employment, or Training.</p>	<p>None identified at this stage.</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support</p>	<p>Tackling climate change is one of the biggest priorities of our organisation. This budget recognises the need for increased spending in a number of areas that will enable us to continue this work.</p>	<p>None identified at this stage.</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?
resilience and can adapt to change (e.g. climate change)	This includes investment in flood alleviation measures through an additional gulley cleaning team to adapt to changing weather and more frequent extreme weather events.	
<p>A healthier Wales People's physical and mental wellbeing is maximised, and health impacts are understood</p>	<p>Our Community and Corporate Plan commits us to taking action to create healthy and sustainable places where the health inequalities that exist within and between communities have been reduced. The budget continues to invest in a wide range of services that make it possible for us to achieve this.</p> <p>The budget includes investment in social care and the supporting of a range of pressures that safeguard and support the health and well-being of children and young people and adults in the county.</p> <p>Savings are being delivered in social care through the long term children's care planning and placement strategy and consolidation of vacancies within in house domiciliary care that have arisen through commissioning of longer -term care at home packages.</p>	Continue to review the delivery of the children care planning and placement strategy and delivery of care at home and reablement services in adults social care.
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	We are committed to investing in a range of services that contribute to our policy aspirations for Monmouthshire to be a thriving safe and well-connected county where people feel part of their community.	The proposals include an increase in investment to Citizens Advice Monmouthshire to recognise the key role the organisation plays in supporting Monmouthshire residents. These services provide a vital safety net for vulnerable people alongside the provision of services for the whole community.

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 globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Our commitment to tackling climate change by decarbonising our operations is a small part of a wider global effort.</p> <p>A number of service areas will see an additional investment or maintenance of funding levels ensuring that services that reduce our climate emissions are able to be maintained.</p>	<p>None identified at this stage</p>
<p>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</p>	<p>As part of our commitment to making Monmouthshire a thriving and ambitious place we are continuing to support Monmouthshire's towns and visitor attractions making them accessible and welcoming where amenities, events and experiences are attractive for residents, visitors and businesses. Sometimes we have to make changes and look to different ways to keep services running but we continue to think differently keep services operating.</p> <p>Recruiting an additional teacher to support Welsh provision will enable the council to further promote and encourage the use of the Welsh language and Welsh medium education.</p> <p>See Policy making and Welsh language section above for further details.</p>	<p>See Policy making and Welsh language section above for further details.</p>
<p>A more equal Wales</p>	<p>Tackling inequalities, working with and alongside our communities is one of the absolute priorities of the council. This is enshrined in the budget principles</p>	<p>Proposals within the budget is assessed to identify the effects on the most vulnerable in our society. Where we identify changes could have a disproportionate adverse effect on those</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?
People can fulfil their potential no matter what their background or circumstances	<p>within the Medium Term Financial Strategy which are the cornerstone of the budget.</p> <p>The budget includes a range of proposals, including continuing the funding for the Inspire programme to off-set reductions in grant funding and increased support for additional learning need provision, that have a focus on tackling inequalities and to protect the most vulnerable in our society.</p> <p>See Protected Characteristics and Socio-Economic Duty sections above for further details.</p>	<p>with protected characteristics or who suffer socio-economic disadvantage we have taken that into account and sought to mitigate the effect by refining the proposals as we have gone along.</p> <p>See Protected Characteristics and Socio-Economic Duty sections above for further details.</p>

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The necessity for short-term financial planning in some cases may have an impact on the ability to deliver quality services in the long term. For a number of posts and workstreams across all directorates there is an increasing reliance on grant-funded posts and projects, these are often for fixed term periods in the shorter term. This can be a challenge to their longer-term viability.</p>	<p>The council has developed a Medium-Term Financial Strategy, this provides the strategic framework to guide medium term financial planning. This is helping ensure a focus on the council's long-term policy objectives and its financial capacity.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>Proposals include numerous investments and increased contributions to the various partnerships and collaborations that the council is involved in. These include increased contributions to the Local Authority School Improvement Service, and increased funding to Citizens Advice. Ensuring effective partnership working and collaboration is a priority of the council and is key to delivering its objectives.</p>	<p>Clear expectations and communication established with all partners we collaborate with.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>We are committed to working with and alongside our communities to shape the future of the council and the communities it serves.</p> <p>Overall, these proposals formed part of the budget consultation and were subject to a full and extensive public consultation and engagement exercise.</p>	<p>Ensure that proposals and the accompanying Integrated Impact Assessments are updated as a result of any further consultation and engagement.</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 Putting resources into preventing problems occurring or getting worse</p>	<p>Wherever possible, our actions aim to prevent problems occurring or getting worse. We are investing in services which shift focus from reactive to preventative approaches. We will prioritise supporting those who are near to needing statutory support – individuals at risk and cohorts of residents experiencing levels of deprivation that make them vulnerable to early ill-health. This will improve long-term outcomes and reduce demand in line with the prevention principle. This includes additional funding for Family Support to enable children to remain with their families, where possible, and further funding for adult social care, aligned with the recently developed Prevention Strategy - ‘Living Well Monmouthshire’</p>	<p>Continue to review the delivery of the children care planning and placement strategy and delivery of care at home and reablement services in adult social care.</p> <p>Increased demand, the fragility of the social care sector and the availability of care staff remains a key risk for Adult Social Care although some of these issues are outside the council’s direct control to address.</p> <p>Ensure the effective implementation of our Living Well Monmouthshire strategy, ensuring that its implementation is aligned across the whole organisation.</p>
 <p>Integration Considering impact on all wellbeing goals together and on other bodies</p>	<p>The council works across multiple areas and many of these proposals can have positive and potentially negative impacts on one another. It is important that as proposals are developed, we seek to balance competing impacts and fully consider the impacts that proposals will have on other organisations.</p>	<p>Use of this cumulative impact assessment will help to identify overall impacts of proposals in an integrated way, as well as sperate assessments of specific proposals.</p>

6. The council has agreed the need to consider the impact its decisions have on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?

	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	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect. Specific proposals include an assessment of the impact on safeguarding.	Specific proposals include an assessment of the impact on safeguarding, including any potential negative impact on delivering the council's safeguarding responsibilities.	Specific proposals include an assessment on the impact on safeguarding, including mitigation related to the potential impact on delivering the council's safeguarding responsibilities. Safeguarding is at the heart of everything the council does. All staff are trained to a level that is appropriate to their role.
Corporate Parenting, Care Leavers and Care Experienced people	The council has a responsibility to children who are looked after. The council has a corporate duty to consider children looked after especially and promote their welfare (in a way, as though those children were their own). Specific proposals include an assessment on the impact on corporate parenting.	Specific proposals include an assessment on the impact on corporate parenting, including any potential negative impact on delivering the Council's corporate parenting responsibilities.	Specific proposals include an assessment on the impact on corporate parenting, including mitigation related to the potential impact on delivering the council's corporate parenting responsibilities

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

The proposals are based upon a wide range of data and evidence, and this will be contained within the evaluations of directorate proposals.

Data sources include for example:

- Quantitative data such as user numbers, measuring whether changes have had a positive or negative impact on the number of people using the service, in some cases, such as preventative services less users will be a positive
- Qualitative data that gives people views of the service which includes analysis of complaints.
- Data derived from national sources such as ONS, Census and Stats Wales which allow us to measure the whole population.

8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

This assessment summarises the headline message from directorate assessments where proposals have been identified as having a positive or negative impact on those with protected characteristics, the socio-economic duty, and the ways of working and national well-being goals. The assessment has been updated through the development of the budget proposals. This does not highlight every single issue but reveals some of the key impacts of budget proposals and provides scope for continual learning and improvement as proposals are developed.

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
Existing actions have been identified within directorate assessments.	As per budget proposal impact assessments	As per budget proposal impact assessments

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 into equality and future generations considerations wherever possible.

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1.0	Cabinet consideration of draft budget proposals 2026/27	21/1/26	
2.0	Cabinet consideration of budget proposals following consultation	4/3/26	Amendments made within the form

Part 2 - The Cumulative Financial Impact

The Socio-economic Duty requires local authorities to think about how their strategic decisions, affect inequality of outcomes for people who suffer socio-economic disadvantage. Monmouthshire has the highest level of income inequality in Wales and we recognise that any increase in fees and charges for services will have a higher impact on households on the lowest incomes. In addition, we know that there are geographical inequalities in our counties, for example the challenges faced by rural communities are very different from those in towns. Assessing geographical disparities is something we do operationally by targeting services such as housing and social care and this is taken into account in the way that services are delivered.

This section looks at the combined effect of increased fees and charges on different household compositions and income levels. We do this because individual changes can sometimes seem small when looked at in isolation but can add up to a more significant sum when taken together. This is one of the ways we meet our socio-economic duty. It also means we can identify where we need to apply a degree of mitigation to reduce the potential negative impacts of our proposals.

The impact below has been modelled on some of the planned increases in fees and charges. We have used seven different household types, the same as the assessment last year. For each household type we have modelled the cumulative financial impact based on different household incomes. The financial modelling does not include an analysis of people by protected characteristics as that is covered by part one of this report. However, we know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. Research by the Health Foundation has highlighted that disabled people are two percentage points more likely to be in poverty than non-disabled people. Younger households, at the earlier stages of their careers could be more likely to be on lower incomes. The increases in fees and charges modelled to develop this assessment along with further information on the methodology used are shown in Appendix 2.

Cumulative Financial Impact – Before and after mitigating actions.

Household	Income	Forecast Cost after mitigation (percentage of income shown in brackets)	Initial proposed increase before mitigation (percentage of income shown in brackets)	The amount of money our mitigating measures reduced costs by
Household 1 – 2 Adults, 2 Dependent Children, 1 Older Person	£36,000	£119.09 (0.33%)	£698.39 (1.94%)	£579.29
	£52,000	£173.19 (0.33%)	£698.39 (1.34%)	£525.20
	£56,000	£173.19 (0.31%)	£698.39 (1.25%)	£525.20
	£74,000	£173.19 (0.23%)	£698.39 (0.94%)	£525.20
Household 2 – 2 Adults, 2 Dependent Children	£22,000	£54.09 (0.25%)	£113.39 (0.52%)	£59.29
	£36,000	£108.19 (0.30%)	£113.39 (0.31%)	£5.20
	£40,000	£108.19 (0.27%)	£113.39 (0.28%)	£5.20
	£62,000	£108.19 (0.17%)	£113.39 (0.18%)	£5.20
Household 3 –	£17,000	£0 (0%)	£113.39 (0.67%)	£113.39
	£22,000	£54.09 (0.25%)	£113.39 (0.52%)	£59.29

Household	Income	Forecast Cost <i>after</i> mitigation (percentage of income shown in brackets)	Initial proposed increase <i>before</i> mitigation (percentage of income shown in brackets)	The amount of money our mitigating measures reduced costs by
1 Adult, 2 Dependent Children	£30,000	£81.14 (0.27%)	£113.39 (0.38%)	£32.25
	£40,000	£81.14 (0.20%)	£113.39 (0.28%)	£32.25
Household 4 – 2 Adults (both aged below 66)	£22,000	£54.09 (0.25%)	£113.39 (0.52%)	£59.29
	£36,000	£108.19 (0.30%)	£113.39 (0.31%)	£5.20
	£40,000	£108.19 (0.27%)	£113.39 (0.28%)	£5.20
	£62,000	£108.19 (0.17%)	£113.39 (0.18%)	£5.20
Household 5 – 2 Adults (both aged over 66)	£22,000	£184.09 (0.84%)	£758.19 (3.45%)	£574.09
	£24,000	£238.19 (0.99%)	£758.19 (3.16%)	£520.00
	£40,000	£238.19 (0.60%)	£758.19 (1.90%)	£520.00
	£52,000	£238.19 (0.46%)	£758.19 (1.46%)	£520.00
Household 6 – 1 Older Person	£12,000	£65.00 (0.54%)	£693.19 (5.78%)	£628.19
	£18,000	£65.00 (0.36%)	£693.19 (3.85%)	£628.19
	£22,000	£119.09 (0.54%)	£693.19 (3.15%)	£574.09
	£40,000	£146.14 (0.37%)	£693.19 (1.73%)	£547.05
Household 7 – 1 Younger Person (working age)	£15,000	£0 (0%)	£113.39 (0.76%)	£113.39
	£24,000	£54.09 (0.23%)	£113.39 (0.47%)	£59.29
	£30,000	£81.14 (0.27%)	£113.39 (0.38%)	£32.25
	£40,000	£81.14 (0.20%)	£113.39 (0.28%)	£32.25

The proposed Council Tax increase of 5.95% will result in an additional monthly cost of £108.19 on a Band D property. If a household is on a low income, they may be eligible for the Council Tax Reduction Scheme which would reduce their Council Tax bill.¹ This is calculated on individual circumstances and the entitlement varies; the model includes reductions of 50% and 100% for certain household incomes. It also includes a 25% single persons discount attributed to some income bands in relevant households. It is unlikely that someone on a low income would be paying for social care and there is a £100 weekly cap for care at home. As incomes rise it would be expected that many households will be living in more expensive properties and would be paying higher rates of council tax. A breakdown of the charges and methodology used to produce the table above can be found in appendix 2.

Household 1 - 2 Adults, 2 Dependent Children, 1 Older Person

For a household with an income of £36,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £119.09 equating to 0.33% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £698.39 or 1.94% of their total income.

For households with incomes of £52,000, £56,000 and £74,000 the mitigated increased fees and charges equate to 0.33%, 0.31% and 0.23% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 1.34%, 1.25% and 0.94%.

One of the largest increases would be the possible increased cost of community meals, based on the older person within the household modelled as receiving 5 meals a week for a year. Social care charges have also been considered for the older person within the household. However, modelling based on 5 hours of care a week, the increase in cost will be completely mitigated due to the weekly cap of £100 - only those currently receiving 3 hours of care or under will be affected by the increase (+£6 per week/£312 a year). The use of a five-hour care package has been used as part of the cumulative impact assessment modelling by this authority for many years and is retained for the purposes of consistency. However, this is below the average care package in Monmouthshire, therefore the numbers of household requiring less than 5 hours of care a week is small – which means the increase across all households will be mitigated for the vast majority of those receiving care.

A council tax reduction has been modelled against the lowest income threshold, as the model assumes the older person within the household would be receiving pension credit. Other charges modelled for all income bands are the increase in parking charges.

Household 2 - 2 Adults, 2 Dependent Children

For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £54.09 equating to 0.25% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £113.39 or 0.52% of their total income.

For households with an income of £36,000, £40,000 and £62,000 the increased fees and charges would be 0.31%, 0.28% and 0.18% of their total annual income respectively. There are minimal changes in costs on these income groups resulting from the mitigations available.

It has been modelled that the lowest household income will be eligible for the council tax reduction scheme at 50%, which would mitigate the 5.95% annual increase of £108.19 to £54.09.

Household 3 - 1 Adult, 2 Dependent Children

For a household with an income of £17,000, there is a potential for no impact on their income from the increased fees and charges following mitigations. The mitigations modelled would mean the impact has been reduced from a potential figure of £113.39 annually or 0.67% of their total income.

For households with incomes of £22,000, £30,000 and £40,000 the increased fees and charges equate to 0.25%, 0.27% and 0.20% of their total annual income respectively. The mitigations put in place would reduce this from 0.52%, 0.38% and 0.28%.

Although the income for this household is likely to be less than that of the 2 Adult with 2 Children household, the increases in fees and charges on the household are very similar for the equivalent income bands. Lower income bands have been included within the model to reflect the possibility of low-income single earner households.

For those earning £22,000 and under, mitigations have been included in the model due to the likelihood of their eligibility for the council tax reduction scheme. The lowest income band (£17,000) has a 100% reduction that negates the 5.95% modelled increase, whereas the £22,000

income household has a 50% reduction which would see an increased cost of £54.09 rather than £108.19. The higher income bands for the household composition have been attributed a 25% single persons discount (£81.14 increase compared to the full £108.19).

Household 4 - 2 Adults (working age)

For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £54.09 equating to 0.25% of their total income. The mitigations put in place would mean that this impact has been reduced from a potential figure of £113.39 or 0.52% of their total income.

For households with incomes of £36,000, £40,000 and £62,000 the increased fees and charges equate to 0.31%, 0.28% and 0.18% of their total annual income respectively. The mitigations available would provide minimal difference to their increased costs.

For the lowest income household of £22,000, mitigation has been included in the model due to the likelihood of their eligibility for the council tax reduction scheme.

This household composition is likely to be less affected than other households as they do not have any dependent children and may not require certain services such as adult social care.

Household 5 - 2 Adults (both aged over 66)

For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £184.09 equating to 0.84% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £758.19 or 3.45% of their total income.

For households with incomes of £24,000, £40,000 and £52,000 the mitigated increase in fees and charges would be 0.99%, 0.6% and 0.46% of their total annual income respectively.

This is one of the largest percentages in the model. Most of the increase in cost is from the proposed annual increase in social care costs. The model is based on 5 hours of care received per week, for 52 weeks a year which equates to a £520 increase per year. However, there is a mitigated cost of a £100 cap per week which would mean that the household is already at this limit if they are receiving 5 or more hours a week and would therefore see no additional increase in cost. An increase of £130 per year could also result from community meal charges – based on an assumption that both members of the household would receive 5 meals a week from the service.

At the lowest income for this household modelled, £22,000, there is a modelled potential mitigated cost for council tax of £54.09 - which is an example of a 50% discount, which could be provided via the council tax reduction scheme. Alongside the charges noted above, the model includes a full council tax increase of 5.95% for all but the lowest income household, which would be £108.19 based on a Band D property.

Household 6 - 1 Older Person

For a household with an income of £12,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £65 equating to 0.54% of their total annual income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £693.19 or 5.78% of their total annual income. This income figure is used as it is broadly in line with the state pension.

For households with incomes of £18,000, £22,000 and £40,000 the increased fees and charges equate to 0.36%, 0.54% and 0.37% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 3.85%, 3.15% and 1.73%.

The model shows potential mitigations in place for this household, including example potential council tax mitigations of 100% for the two lowest income bands and a 50% reduction for the £22,000 income household (an increase of £54.09 rather than £108.19). The £40,000 household has a 25% single persons discount allocated. This household could incur the increased costs for adult social care, the potential mitigation for the household of the social care cap being reached would limit, or could remove, as modelled, any increase in non-residential care fees. At all income levels the household could incur the potential increased cost for community meals.

Household 7 - 1 Younger Person (working age)

For a household with an income of £15,000, mitigations put in place would mean there is no increase in cost, from a potential figure of £113.39 or 0.76% of their total income.

For households with incomes of £24,000, £30,000 and £40,000 the increased fees and charges equate to 0.23%, 0.27% and 0.2% of their total annual income respectively. The mitigations would mean this is reduced from 0.47%, 0.38% and 0.28%.

All modelled income levels for this household have council tax reduction applied, of either a full or a 50% reduction, or single person discount of 25% applied. The single persons discount of at least a 25% reduction in Council Tax increase would see the 5.95% council tax increase resulting in a £81.14 cost per year rather than £108.19. Proposed increase in car parking costs have also been modelled for this household.

Appendix 1 -The Legal Context

Our evaluation is framed by the obligations we have as a council under the following acts.

The Equality Act 2010 protects people from discrimination in the workplace and wider society. It provides a legal framework to protect the rights of individuals and advance equality of opportunity for all.

The public sector equality duty means that local authorities must consider or think about how their policies or decisions affect people who are protected under the Equality Act. We must do this when we design policies, deliver services and make decisions.

The protected characteristics are age; disability; sex; gender re-assignment; pregnancy and maternity; sexual orientation; race; religion or belief; marriage and civil partnership.

The Well-being of Future Generations Act creates a legal framework for better decision-making by public bodies in Wales by ensuring that we take account of the long-term, help to prevent problems occurring or getting worse, take an integrated and collaborative approach, and considers and involves people of all ages.

Together, the seven well-being goals and five ways of working provided by the Act are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Socio-Economic Duty came into effect in Wales on 31st March 2021 placing a responsibility on councils to consider the need to reduce the inequalities that result from socio-economic disadvantage. This evaluation is one of the ways we demonstrate our compliance with these duties.

The Welsh Language (Wales) Measure 2011 established a legal framework that imposed a duty on Monmouthshire County Council, alongside other public organisations, to comply with standards relating to the Welsh language. The key principles of these standards are that the Welsh language should not be treated any less favourably than the English language and we should promote and facilitate the use of the language.

Appendix 2 – Cumulative Financial Impact methodology

To model the cumulative financial impact, we have used seven different household types and identified varying annual household incomes for each.

Household composition data from the Census 2021 in Monmouthshire shows for each of the households modelled:

Household 1 - 2 Adults, 2 Dependent Children, 1 Older Person - 2% (689) of all household composition households from Census 2021 were multiple family households with dependent children.

Household 2 - 2 Adults, 2 Dependent Children – 17% (7033) of all household composition households from Census 2021 were single family households (married, civil partnership or cohabiting couple) with dependent children.

Household 3 - 1 Adult, 2 Dependent Children – 6% (2281) of all household composition households from Census 2021 were single family households (lone parent) with dependent children.

Household 4 - 2 Adults (working age) – 13% (5309) of all household composition households from Census 2021 were single family households (married or civil partnership) with no children. 5% (2235) households were noted as being co-habiting couple families with no children.

Household 5 – 2 Adults (both aged 66 and over) – Census 2021 data showed that there were over 11,000 residents in Monmouthshire that lived in a single-family household of this composition.

Household 6 - 1 Older Person – 16% (6534) of all household composition households from Census 2021 were single person households, aged 66 years or older.

Household 7 – 1 Adult (working age) - Census 2021 data showed that 14% (5753) of households were made up of one person households that are working age.

The latest information on income levels, wages, benefits and pension rates were used to inform the income level modelled for each household. This shows:

In April 2026, the full new State Pension will rise by £11.05 (+4.8%) to £241.30 a week, which will provide an additional £574.60 a year. The full basic State Pension will also increase to £184.90 a week, an increase of £8.45 a week and £439.40 annually.² The annual level of benefit cap for couples (with or without children) or single claimants with a child of qualifying age is unchanged and remains at £22,020 per year, equivalent of £423.46 a week.³

Data on income levels will continue to change as wage levels vary, the figures used provide an approximate indication. The National Living Wage is currently £12.21 per hour for those aged 21 and over. For someone working 35 hours per week, this equates to approximately £22,222.20 per year. For someone working 27 hours per week this is approximately £17,142.84 per year. This rate is due to rise to £12.71 per hour from April 2026 for those aged 21 and over⁴. For someone working 35 hours per week, this equates to around £23,132.20 per year. For someone working 27 hours per week, this equates to approximately £17,844.84 per year. The National Minimum Wage for those aged 18-20 will increase from £10 per hour in April 2025 to £10.85 per hour in April 2026, equating to approximately £19,747 per year for those who work 35 hours per week.

As at the financial year 2021-22, 48.2% of lone parents in the UK are employed part-time, and over 3 in 10 are not employed (economically inactive). Women with children are more likely to work part-time, term-time or flexible working hours, compared to fathers or those without children. 47.1% of two parent families have one parent working full-time, and the other working part-time.⁵ Average weekly hours of work for part-time workers in the UK is 16.6 hours.⁶

A person is commonly deemed to be in poverty if their household falls below 60% of the UK median household income. The latest data shows the UK median household income is £36,600 (ONS).⁷ 60% of this equates to £21,960. The figure for median weekly earnings by residence is £811.80 in Monmouthshire according to NOMIS, this would aggregate to an annual income of £42,214.⁸

Fees and charges

Each of the planned increases in fees and charges identified to be used in the cumulative financial impact model are shown in the table below. This does not cover every fee and charge within the budget, these have been selected to provide an indication of potential increases for households. Full details on fees and charges are in the budget papers. This shows the Total (T) and Mitigated (M) increase in cost for those fees and charges modelled.

Fees and charges	Increase	Mitigation		2 Adults 2 Dependent Children 1 Older Person	2 Adults 2 Dependent Children	1 Adult 2 Dependent Children	2 Adults (working age)	2 Adults (both 66+)	1 Older Person (66+)	1 Younger Person (working age)
Council Tax	5.95% (£108.19 for Band D property)	Single persons discount (-25%) or Council tax reduction scheme (100% discount or 50% discount) modelled for each Household (HH)	T	£108.19	£108.19	£108.19	£108.19	£108.19	£108.19	£108.19
			M	£54.10 (for lowest income HH)	£54.10 (for lowest income HH)	£0 (for lowest income HH) £54.10 (for £22,000 income HH) £81.14 (Single persons discount)	£54.10 (for lowest income HH)	£54.10 (for lowest income HH)	£0 (for lower income bands) £54.10 (for £22,000 income HH) £81.14 (Single persons discount)	£0 (for lowest income bands) £54.10 (for £22,000 income HH) £81.14 (Single persons discount)
Car parking charges	£0.10 for 2 hour stay	Blue badge holders can park for free	T	£5.20	£5.20	£5.20	£5.20	-	-	£5.20
			M							
Community meals	£0.25 per meal	None	T	£65.00	-	-	-	£130.00	£65.00	-
			M							

Non-residential Social care fees	8.3% (£2 per hour)	Total based on 5 hours of care a week	T	£520.00	-	-	-	£520.00	£520.00	-
		Mitigated based on 5 hours or more a week is already at the maximum weekly cost cap of £100, therefore no increase in charge would apply.	M	£0				£0	£0	

The table below lists the rationale followed whilst assigning increased costs and mitigations to the households in the table above. A number of methods have been replicated to be consistent with what has been modelled during previous years cumulative financial impact assessments. Although it is recognised that the rationale may not be applicable to all households within the county, the table is an attempt to model how some residents may be impacted to a greater or lesser extent than others.

Fee and Charge	Increase	Rationale for increase
Council Tax	5.95% (£108.19 per Band D property)	5.95% increase on a Band D property as per budget proposal. Mitigations have been added to some households based on income and composition. These include a modelled 25% discount on the 5.95% increase (single persons discount). Applying the possible eligibility for the Council tax reduction scheme to the lower income households, a 50% or 100% mitigated cost has been applied to some households based on the income levels modelled. This is an example only, the scheme is calculated on individual circumstances and the entitlement varies.
Car parking charges	£0.10 - 2 hour stay	Cost has been modelled for a single 2 hour stay per week per household
Community meals	£0.25 per meal	Model includes costings for 5 meals per week for 52 weeks. Costs are attributed to households with older people, with the 5 meals per week for every older person in the household.

Non-residential social care fees	£2 per hour	<p>Cost have been modelled for 5 hours of care per week, which is consistent with previous cumulative financial impact modelling.</p> <p>Due to the £100 maximum weekly charge cap, any increase in cost will be mitigated due to the cap being reached - 5 hours a week at £24 in 2025/26 would cost £120 and 5 hours a week at £26 in 2026/27 would cost £130 which would exceed the cap and therefore the £10 increase would be mitigated.</p>
----------------------------------	-------------	---

¹ <https://www.monmouthshire.gov.uk/home/counciltaxandbenefits/>

² Benefit and pension rates 2026/27 [Benefit and pension rates 2026 to 2027 - GOV.UK](#)

³ Benefit and pension rates 2026/27 [Benefit and pension rates 2026 to 2027 - GOV.UK](#)

⁴ National Minimum Wage Rates [National Minimum Wage and National Living Wage rates - GOV.UK \(www.gov.uk\)](#).

⁵ Families and the labour market, 2021 [Families and the labour market, UK - Office for National Statistics \(ons.gov.uk\)](#).

⁶ Hours worked by part-time workers, Aug – Oct 2025 [Average actual weekly hours of work for part-time workers \(seasonally adjusted\) - Office for National Statistics \(ons.gov.uk\)](#).

⁷ Average household income UK [Average household income, UK - Office for National Statistics \(ons.gov.uk\)](#).

⁸ Gross Weekly Pay - All Full Time Workers - Earnings By Residence (NOMIS) [Gross Weekly Pay - All Full Time Workers - Earnings By Residence](#).

Appendix D - Use of reserves for budget purposes

Reserve	2026/27				
	Forecast balance - start of year	Contributions to reserves	Contributions from reserves	Capital contributions	Forecast balance - End of year
	£000	£000	£000	£000	£000
Council Fund (Authority)	-11,475	-803			-12,278
School Balances	7,518			0	7,518
Sub Total Council Fund	-3,957	-803	0	0	-4,760
Earmarked Reserves:					
Invest to Redesign	-1,189				-1,189
IT Transformation	-662		49	198	-464
Insurance and Risk Management	-925				-925
Capital Receipt Generation	-314				-314
Treasury Equalisation	-590				-590
Redundancy and Pensions	-593		88		-505
Capital Investment	-250				-250
Community & Corporate Plan Priority	-150				-150
Programme of Change	-200		107		-93
Pay Inflation Award Reserve	-130				-130
Total Specific Reserves	-5,003	0	244	198	-4,610
Partnership Reserves	-1,762	-50	200		-1,612
Other Service Reserves	-3,050	-28			-3,078
Council tax premium	-1,457	-657	503		-1,611
Total Service & Partnership Reserves	-6,269	-735	703	0	-6,301
Total useable revenue reserves	-15,229	-1,538	947	198	-15,671

Appendix D - Forecast useable reserve balances				
Financial Year ending	2026	2027	2028	2029
	£000	£000	£000	£000
<i>Council Fund</i>				
Council Fund	(11,475)	(12,278)	(13,138)	(14,058)
School Balances	7,518	7,518	7,518	7,518
Total General Fund balance	(3,957)	(4,761)	(5,620)	(6,540)
<i>Earmarked Reserves</i>				
Invest to Redesign Reserve	(1,189)	(1,189)	(1,189)	(1,189)
IT Transformation Reserve	(662)	(464)	(361)	(258)
Insurances & Risk Management Reserve	(925)	(925)	(925)	(925)
Capital Receipt Generation Reserve	(314)	(314)	(314)	(314)
Treasury Equalisation Reserve	(590)	(590)	(590)	(590)
Redundancy and Pensions Reserve	(593)	(505)	(417)	(329)
Capital Investment Reserve	(250)	(250)	(250)	(250)
Community & Corporate Plan Priority	(150)	(150)	(150)	(150)
Programme of Change	(200)	(93)	(93)	(93)
Pay Inflation	(130)	(130)	(130)	(130)
Sub Total Earmarked Reserves	(5,003)	(4,610)	(4,419)	(4,228)
Partnership Reserves	(1,762)	(1,612)	(1,487)	(1,537)
Service Reserves	(3,050)	(3,078)	(3,106)	(3,134)
Council tax premium reserves	(1,457)	(1,611)	(1,791)	(1,998)
Sub Total - other Earmarked	(6,269)	(6,301)	(6,384)	(6,669)
Total Useable Revenue Reserves	(15,229)	(15,671)	(16,423)	(17,437)

Appendix E – Revenue budget service groupings

Directorate	Services
Children Learning, Skills & Economy	Individual school budgets School improvement Inclusion Services Economy, Employment & Skills Emergency Planning Youth Service
Social Care, Health & Safeguarding	Adult's social care Children's social care Safeguarding services to vulnerable children and adults Public protection Trading standards Licencing Registrars Housing & homelessness
Infrastructure	Waste and recycling Grounds maintenance Highways maintenance Streetlighting Passenger transport Fleet maintenance Schools catering Traffic & road safety Highways design & development Flooding Decarbonisation Active Travel
Resources	Finance Corporate Health & Safety ICT Estates Property services Commercial activities
Law & Governance	Member support Democratic services

	<p>Legal services Land charges</p>
<p>People, Performance and Partnerships</p>	<p>Welsh language Equalities Training Human Resources & Payroll Complaints Scrutiny Performance & Data Partnerships Communications & Engagement Contact centre Community Partnership Community hubs Library Services Community learning Procurement</p>
<p>Place and Community Wellbeing</p>	<p>Tourism Economic development Countryside Access and Rights of way Leisure Services Sports Development Play Outdoor Adventure Service Cultural & Heritage services Attractions Markets Borough Theatre Regeneration Car parks Civil parking enforcement Planning & building control</p>
<p>Precepts, Levies, Insurances, Non-allocated budgets</p>	<p>Precepts payable to Police and Community Councils Levies payable to South Wales Fire, National parks, and Drainage bodies Insurances Non-allocated budgets (Risk contingency, joint service costs)</p>
<p>Financing</p>	<p>Core Welsh Government funding (AEF) Council tax income</p>

Treasury & Reserves	Capital financing costs Contributions to/from earmarked reserves

This page is intentionally left blank

Appendix F - Responsible Financial Officers Opinion

- 1.1 The 2003 Local Government Act imposes a number of statutory duties on a Council's Responsible Financial Officer (RFO). Section 25 specifically requires that the chief financial officer reports the following matters to members when agreeing its annual budget:
- The robustness of the estimates made for the purposes of the budget calculations, and
 - The adequacy of the proposed financial reserves.
- 1.2 Guidance on these duties is contained within CIPFA Bulletin 13 and CIPFA's updated Statement on the Role of the Finance Director. The primary duties are for me, as RFO, to provide a view on the robustness of the budget process, budgetary risk and the adequacy of reserves and balances.

Robustness of the budget process

- 1.3 In terms of robustness of the budget process, I have placed reliance on the work carried out by members of the Strategic Leadership Team within their Directorates involving budget managers and devolved finance teams. The process has been undertaken properly and rigorously with notable elements of good practice. These include:
- The budget has been produced within the framework of the approved Medium Term Financial Strategy (MTFS). The use of scenario planning has ensured that the budget is developed in a prudent and flexible way, highlighting the risk faced by the Council as a result of proposed changes in funding and increasing cost pressures, and offering some choice in how resources are prioritised and risk is mitigated.
 - The Council's financial management arrangements are clearly defined within the Constitution and Financial Procedure Rules. Strategic Leadership Team oversight and regular reporting together with internal audit reviews and Scrutiny committee challenge ensures that officers across the Council are held accountable for the budgets that they are responsible for.
 - Additional training and further development of financial and performance benchmarking data will strengthen these arrangements.
 - Cabinet ownership of budget principles and assumptions through the development of the Medium Term Financial Plan (MTFP) and budget proposals.
 - Anticipating likely and known events through the modelling of appropriate indices for base costs.
 - Applying rigour and challenge via Directorate Management Teams, Chief Officers, Strategic Leadership Team and Cabinet Member scrutiny.
 - Comparing budget trends and intelligence by using 2024/25 outturn and 2025/26 budget monitoring data.
 - Looking at benchmarking unit cost data for services against other authorities where necessary.

- Providing the Performance & Overview Scrutiny Committee with opportunity to look at and scrutinize budget monitoring, in-year budget recovery action and draft budget proposals, gaining an understanding of the budgets and allowing the committee to scrutinize performance as well as any proposed changes.
- Providing Cabinet and Performance & Overview Scrutiny Committee and Governance & Audit Committee with the assumptions and sensitivity underlying the MTFP and budget.
- Consulting on budget proposals through face to face and virtual public meetings, the website and social media, and with key stakeholders.
- Communicating emerging Settlement considerations to Cabinet members.
- Being clear on risks and assumptions within budget proposals and recognising the priorities of the Council and as set out in the Community and Corporate Plan, with reducing the impact of inequality on citizens and climate change on communities being central to all considerations.
- Ensuring all members are involved in the budget setting process by establishing that budget and Council Tax setting is a function of full Council.

1.4 This strategic approach to allocating resources ensures that our financial plans consider the delivery of the Community and Corporate Plan, and the supporting enabling strategies, and ensures that service improvement and appropriate levels of statutory provision are all included. Budgets are aligned and ensure that our limited resources are prioritised to achieve maximum effectiveness in securing outcomes.

Short-term budgetary Risks

- 1.5 The budget process for 2026/27 has again been challenging, with some significant variables and uncertainties that will continue into the financial year. The risk that these present have been identified as part of the budget proposals and are also captured as part of the MTFP. Outlined below are the key risks and how they are being managed:
- Continued increase in demand and cost pressures facing services, particularly the increasing demand and complexity in social services, demographic changes such as increasing elderly population, changes in pupil numbers, increases in additional learning needs provision, and from homeless presentations. Where known pressures have been modelled and included in the budget process.
 - Whilst the service reforms incorporated into the budget are broadly a continuation of the existing programmes of change which are already well established, these do involve change to practices, systems and processes, and have implications for service design involving community, other partners and entities. These involve higher levels of deliverability risk.
 - The impact of any in-year (2025/26) overspend on revenue and capital budgets which would result in reduced levels of revenue reserves being carried forward. This risk has been significantly mitigated through the financial year through strong financial discipline and cost control. With a forecast under spend reported at period 3 offering the potential for modest reserve replenishment at year-end.
 - Significant recurrent cost pressures developing during in-year monitoring have been addressed in the 2026/27 budget proposals, and furthermore adjustments needed to

be made in respect of approved savings previously put forward that are now not deemed deliverable. The pressures incorporated into the budget proposals for 2026/27 are based on the latest period 3 forecast. A risk remains going into the end of the financial year of increasing pressures, particularly in volatile and demand led services. The need for continued and robust monitoring is essential to ensure that there is cost control and continued efforts are made to refrain from non-essential spend.

- Late notification of grant funding streams being removed or reduced. There are still significant specific grant streams that the Council relies upon, that have either not yet been communicated by grant funding bodies, 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.
- Allowance of 1.75% non-pay inflation is afforded in the budget, however headline inflation rates remain above UK Government targets, with some discrete areas of Council services continuing to experience cost pressures on supplies and services. There is an expectation that any cost pressure above allowance will need to be managed within overall directorate budgets to the extent they are not recognized as discrete pressures as part of the budget process.
- The risk of pay awards being greater than modelled budget assumptions and not being fully funded by UK and Welsh Government.
- Treasury estimates established in the budget are based on cashflows, timing of capital spend, forecast interest rate levels and capital receipts occurring as planned. Mitigation has already taken place through long term borrowing being undertaken at preferential rates in order to manage interest rate risk and fluctuations, along with a continued use of cash balances ahead of any external borrowing being taken.
- Whilst the Council is not placing a reliance on commercial income generation its commercial activities do naturally present commercial risks. Monitoring of Investment performance is carried out through the Performance and Overview Scrutiny Committee, and through budget monitoring reports.
- The ongoing cost-of-living crisis continues to affect household disposable income, which in turn impacts demand and collectability for income-generating Council services.
- There are a significant amount of unbudgeted capital backlog pressures and aspirational investment plans which can impact on the Council's limited capital resources if policy commitments are made to add further to the capital programme or risks materialize and that require the Council to act to respond to failures in the operational nature of assets, such as the recent flood events in the County and the deterioration of highways infrastructure assets.

1.6 Budget monitoring arrangements will continue to be maintained and reported into the Strategic Leadership Team and Cabinet Members. This includes increased informal budget monitoring through the year together with a targeted focus in social care or any developing areas of concern where the greatest risk and volatility exists.

School reserve balances

1.7 School balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure. The

decline in school balances from the healthy surplus at the beginning of 2022/23 of £6.95 million to the latest forecast deficit of £7.5 million by the end of 2025/26 remains a concern.

- 1.8 A significant amount of investment was enacted by schools in the immediate aftermath of the pandemic period to recover, particularly in respect of attendance, behaviour and increased additional learning needs. This has required increased staff and specialist resources to tackle the issues presenting and increased overall costs of provision.
- 1.9 It is currently anticipated that nineteen (54%) of the Council's thirty-five schools will be in a deficit balance by the 2025/26 year-end. Those schools forecasting to end the financial year in deficit balance have brought forward recovery plans that are being considered by officers and Cabinet.
- 1.10 Three schools - King Henry VIII 3-19 School, Chepstow Comprehensive School and the Pupil Referral Service, account for three quarters of the projected deficit. All three of these schools are a focus of support and challenge from the Local Authority to ensure budgets return to a surplus within the agreed recovery plan timeframe.
- 1.11 It is clear from these budget recovery plans that it will take schools a considerable amount of time to fully recover deficit balances, and that in addition to the recurrent £1m further investment in schools within this budget beyond pay and pension increases, the Council will need to take assessment of this financial risk within its medium term financial planning.

Medium-term financial risks

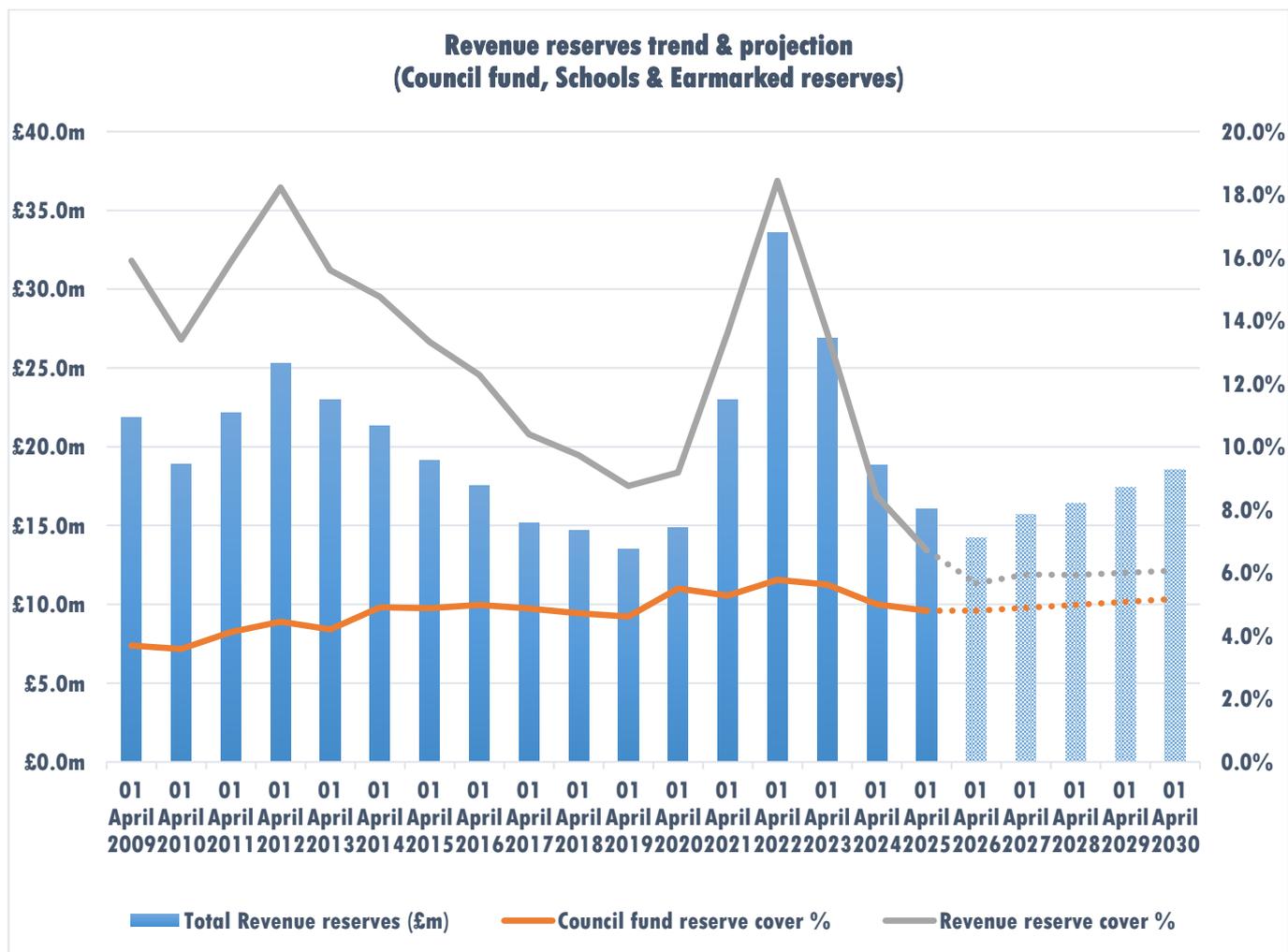
- 1.12 Whilst the above risks in the 2026/27 budget have been identified, the main financial risks that influence the medium-term financial planning are as follows:
 - A cumulative budget shortfall of £26.3m remains over the MTFP period to 2029/30. This presents as a core medium-term risk, reflecting the scale of savings and transformation required beyond 2026/27 and the risk that these may not be deliverable in full.
 - The increasing challenges with sustaining and maintaining existing service delivery within available capacity and resources in line with the priorities outlined in the Council's Community and Corporate Plan.
 - Notwithstanding the UK Government's previous spending review the absence of multi-year indicative funding settlements from Welsh Government remains a key risk over the medium-term. The MTFP is therefore based on assumptions that may change year-by-year.
 - Whilst the MTFP assumes inflation remains under control there remains downside risks if inflation re-emerges, borrowing costs increase, or wider economic conditions deteriorate.
 - The sustained growth in demand-led services linked to demographics and complexity of need across Monmouthshire communities, embedding ongoing cost pressures into the base budget.
 - The low level of reserves held reduces resilience over the medium-term, with the risk that reserves cannot be used to smooth future budget shocks. To counter this risk the MTFP and reserve strategy now prevents one-off reserve use to balance

the budget together with the introduction of a £1m revenue base budget contingency. Ongoing financial discipline and cost control have started to allow for modest replenishment of reserves.

- The medium-term financial strategy relies on the successful delivery of the Council's programme of change, including service redesign, digital transformation, and prevention. At a time when services are operating at close to statutory minimum levels and there is limited remaining scope for efficiencies and savings from the Council's current operating model.
- The consequence of ongoing commitments and expectation to pay in line with National Living Wage and Real Living Wage.
- The consequences of war and natural disasters globally and the impact that this has in supporting refugees and asylum seekers rightly having to be supported.
- The national and local emphasis on carbon reduction and climate adaptation.
- The risks on the capital side are largely caused by limited capital receipts forecast over the medium term, placing an additional emphasis on borrowing going forward, at a time when revenue headroom to afford borrowing is limited.
- The backlog of repair to highways, associated infrastructure and property remains a key risk identified in the capital strategy.

Adequacy of reserves

- 1.13 The importance of holding an appropriate level of reserves has been highlighted over the last few years with continued economic uncertainty testing the Council's financial resilience.
- 1.14 Cabinet reaffirmed in their budget planning framework for 2026/27 that there is a need to progress the Council on a path towards financial sustainability including conserving an appropriate and prudent level of financial resilience. The framework established the principles for general and earmarked reserve levels and use. It also included a commitment to preserving an appropriate level of annual budget contingency.
- 1.15 As can be seen from the table below the Council's reserves have been depleted as a consequence of the reserve usage needed to support the budget proposals and subsequent budget recovery action for 2022/23 and 2023/24. This follows a period through the pandemic where reserves were restored as a result of significant Welsh Government funding.
- 1.16 The decisions taken to draw on reserves were carefully considered as the consequence of not doing so would have led to very significant consequences for service delivery. Ultimately a balance had to be struck and given the extent of the inflationary and demand pressures faced as a result of the Cost of Living and Health crises.
- 1.17 The overall forecast level of revenue reserves is further impacted by the projected deficit in schools balances by the end of 2025/26 of £7.5m.



- 1.18 **Council Fund:** The level of the Council Fund reserve stood at £10.7 million at the start of 2025/26, excluding delegated school balances. This represented 5% cover as a proportion of the Council's 2025/26 net revenue budget.
- 1.19 The final revenue budget proposals for 2026/27 do not include any use of the Council Fund reserve to balance the budget which is in line with the budget planning framework agreed by Cabinet. If the current positive 2025/26 forecast outturn is maintained, this will present an opportunity to increase the Council Fund such that it is maintained at 5% of net revenue budget set for 2026/27.
- 1.20 The 2026/27 budget increases the budget risk contingency from £850,000 to £1 million. This amount will be held alongside the Council fund to help reduce overall budget risks, aligning with the commitments made in the medium-term financial strategy. The flooding events of late 2025 and the consequential financial impact on the Council demonstrate the need to maintain an appropriate level of budget headroom for unforeseen circumstances.
- 1.21 **Schools reserve balances:** School balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure.
- 1.22 The decline in school balances from the healthy surplus at the beginning of 2022/23 of £6.95m to the latest forecast deficit of £7.5m by the end of 2025/26 remains of concern.
- 1.23 It is clear from these budget recovery plans that it will take schools a considerable amount of time to fully recover deficit balances, and that in addition to the recurrent £1m

further investment in schools within this budget, the Council will need to take assessment of this financial risk within medium term financial planning.

- 1.24 **Earmarked reserves:** The final budget includes planned use of earmarked reserves in support of one-off revenue and capital expenditure of £1,145,000. Earmarked reserve use is only planned to meet one-off costs and in line with a specific reserve's intended purpose and use.
- 1.25 Set alongside this is a planned contribution to earmarked reserves of £735,000. The majority of this relates to Council tax premiums which has strict criteria over future use. Nevertheless, this results in maintaining overall reserve levels to aid in balance sheet strength and resilience.
- 1.26 Over the medium term overall earmarked reserve levels are projected to remain stable. However, it should be noted that Monmouthshire's overall reserve cover as a percentage of net revenue budget is currently the lowest in Wales and therefore requires the reserves policy to adapt such that revenue reserves are protected to provide cover for foreseen or unforeseen risks. Maintaining sound budget management and discipline going forward will be fundamental to achieving this, with the in-built budget contingency providing a mechanism to manage overall risk.
- 1.27 **Capital receipts:** Useable capital receipts are forecast to reduce to minimal levels by the end of 2029/30 based on usage modelled within the current capital and revenue MTFPs, alongside the forecast future receipts.
- 1.28 Useable capital receipts provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has used this flexibility since 2019/20, and plans further use of £2.7 million for 2026/27, after which time it tapers to zero by the end of 2028/29.
- 1.29 Using capital receipts to cover the revenue costs of service reform has been vital in helping the Council move toward greater financial stability. However, relying on this method is not a long-term solution, and has the consequence of meaning that any new capital investment will need to be funded by prudential borrowing if no other external funding sources are available.
- 1.30 The level of capital receipts anticipated over the MTFP period has not been increased as the Council awaits the outcome of the replacement Local Development Plan.

Conclusion

- 1.31 The Final Settlement provides the Council with an additional £6.15 million of funding for 2026/27. Alongside savings from efficiencies and service reform this funding, alongside a necessary increase in Council Tax, aids in meeting the specific challenges in providing local services in a rural County such as Monmouthshire and goes a long way towards meeting the extra costs being faced by services.
- 1.32 The UK Government's spending review indicates that increases to public services spending over the medium term will tighten. The relative priority given to local government services in Wales will become clearer following the Senedd elections in May and that in itself presents its own level of risk and uncertainty.

- 1.33 This currently points towards the medium-term budget prognosis being more difficult, with the Council's programme of change remaining critical in ensuring that the Council can remain relevant and financially stable and sustainable in the longer-term.
- 1.34 The Council's operating model will have to change and services will have to adapt to remain affordable and sustainable. The role of collaboration, partnership, prevention, and a sustained focus on productivity and effectiveness are all key within this.
- 1.35 Taking all the above into account, the Section 151 Officer concludes that the assumptions and data used in the budget proposals for 2026/27 are adequately robust, but that a heightened level of risk remains. Based on the assessment of the Council's reserves, the overall level is adequate, but at a minimum acceptable level considering the wider funding challenges facing Local Government, and the likely scale of savings and service change facing the Council over the medium term.

Peter Davies

Deputy Chief Executive and Strategic Director Resources (S151 Officer)

Responsible Financial Officer

Appendix G - 2026/27 Capital budget and indicative forward programme

Capital budget	Approved Budget 2025/26	Final Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative Budget 2029/30
Expenditure	£	£	£	£	£
Property Maintenance	1,872,357	1,674,907	1,653,357	1,653,357	1,653,357
Property Maintenance Fees	236,194	236,194	236,194	236,194	236,194
County Farms Maintenance	300,773	300,773	300,773	300,773	300,773
Upgrade School Kitchens	39,725	39,725	39,725	39,725	39,725
Asset Management Schemes	2,449,049	2,251,599	2,230,049	2,230,049	2,230,049
Abergavenny 3-19 school	12,232,076	0	0	0	0
School Development Schemes	12,232,076	0	0	0	0
Carriageway major works	1,136,540	1,660,000	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	1,312,000
Highways - additional pothole investment	0	667,000	667,000	666,000	0
Safety fence upgrades	76,181	0	76,181	76,181	76,181
Footway Reconstruction	197,453	500,000	197,453	197,453	197,453
Reconstruction of bridges & retaining walls	449,041	1,720,580	449,041	449,041	449,041
Chainbridge Refurbishment	0	2,457,000	2,500,000		
Road safety & trafficman programme	161,508	161,508	129,508	129,508	129,508
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091	38,091
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408	171,408
Flood Alleviation Schemes	30,427	30,750	11,427	11,427	11,427
Drainage & Gully works	375,000	375,000	375,000	375,000	375,000
Structural Repairs - Public rights of way	437,091	419,800	118,091	118,091	118,091
Survey's and Closures - Public rights of way	90,000	140,000	90,000	90,000	90,000
Car Park Improvements	0	100,000			
Ash Dieback/Dangerous Trees works	170,000	100,000	100,000	100,000	100,000
Infrastructure & Transport Schemes	6,075,740	9,853,137	7,371,740	4,870,740	4,204,740
Capital Region City Deal	730,200	730,200	730,200	730,200	730,200

Capital budget	Approved Budget 2025/26	Final Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative Budget 2029/30
S106 Schemes	287,524	0	0	0	0
Regeneration Schemes	1,017,724	730,200	730,200	730,200	730,200
Disabled Facilities Grant	900,000	900,000	900,000	900,000	900,000
Access for all - Schools	50,000	50,000	50,000	50,000	50,000
Access For All	250,000	250,000	250,000	250,000	250,000
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
ICT Hardware replacement	126,000	123,000	260,000	260,000	260,000
Network Estate replacement	100,000	50,000	50,000	50,000	50,000
SRS capital reserve contribution	61,000	61,000	61,000	61,000	61,000
Business world upgrade transition	40,000	0	0	0	0
Asset Management software transition	51,000	0	0	0	0
Range of software & security	84,500	136,655	42,000	42,000	42,000
ICT Schemes	462,500	370,655	413,000	413,000	413,000
Vehicle Leasing	1,500,000	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	1,500,000
Capitalisation Directive	3,707,500	2,707,500	1,707,500	707,500	0
Capitalisation Directive	3,707,500	2,707,500	1,707,500	707,500	0
Fixed Asset Disposal Costs	50,000	50,000	50,000	50,000	50,000
Match Funding of Grant applications	500,000	0	0	0	0
Contingency budget	0	0	0	40,000	540,000
Other Schemes	550,000	50,000	50,000	90,000	590,000
Total Expenditure	29,194,590	18,663,092	15,202,490	11,741,490	10,867,990

Funding	£	£	£	£	£
Supported Borrowing	(2,432,000)	(2,406,000)	(2,406,000)	(2,406,000)	(2,406,000)
Unsupported Borrowing	(18,068,566)	(7,109,937)	(5,563,990)	(3,852,990)	(3,686,990)
Grants & Contributions	(3,333,524)	(4,692,000)	(3,872,000)	(3,122,000)	(3,122,000)
Reserve Funded	(103,000)	(197,655)	(103,000)	(103,000)	(103,000)
Capital Receipts	(3,757,500)	(2,757,500)	(1,757,500)	(757,500)	(50,000)
Vehicle Lease Financing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)

Capital budget	Approved Budget 2025/26	Final Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative Budget 2029/30
Total Funding	(29,194,590)	(18,663,092)	(15,202,490)	(11,741,490)	(10,867,990)
(Surplus) / Deficit	0	0	0	0	0

This page is intentionally left blank

Appendix H - 2026/27 Prudential Indicators

Prudential indicator 1 - Capital Expenditure	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Total	18.7	15.2	11.7	10.9

Prudential indicator 2 - Capital Financing	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
External Sources (Grants & S106 Contributions)	4.7	3.9	3.1	3.1
Capital Resources (Capital Receipt and Reserves)	3.0	1.9	0.9	0.2
Borrowing & Other Debt (Including Leasing)	11.0	9.5	7.8	7.6
Total	18.7	15.2	11.7	10.9

Prudential indicator 3 - Gross Debt Forecast Compared to CFR	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Debt (Inc. PFI, leases, right of use assets)	221.6	222.0	222.2	222.2
Capital Financing Requirement (Total)	237.1	237.5	237.7	237.8

Prudential indicator 4 - Operational & Authroised Borrowing Limits	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Operational Boundry - Borrowing	255.5	259.3	262.0	262.5
Operational Boundry - PFI, Leases & Right of Use Assets	17.8	17.8	17.8	17.8
Operational /boundry - total external debt	273.3	277.1	279.8	280.3
Authorised Limit - Borrowing	270.9	274.7	277.4	277.9
Authorised Limit - PFI, Leases & Rights of Use Assets	18.8	18.8	18.8	18.8
Authorised Limits - Total External Debt	289.7	293.5	296.2	296.7

Prudential indicator 5 - Proportion of Financing Costs to Net Revenue Stream	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Net Interest Payable	7.0	7.3	7.3	7.3
MRP	6.1	6.3	6.5	6.6
Total Financing Costs	13.2	13.6	13.8	13.9
Net Revenue Stream	229.7	234.4	239.5	244.7
Proportion of Net Revenue Stream %	5.74%	5.79%	5.76%	5.69%

Treasury management indicator 1 - Liability Benchmark	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Loans CFR	237.1	237.5	237.7	237.8
Less: Balance sheet resources	-25.5	-25.5	-25.5	-25.9
Net loans requirement	211.6	212	212.2	211.9
Plus: Liquidity allowance	10	10	10	10.3
Liability benchmark	221.6	222	222.2	222.2
Current loan profile**	-131.8	-123.5	-115.3	-106.8
Borrowing requirement	89.8	98.5	106.9	115.4

Treasury management indicator 2 -Maturity Structure of Borrowing	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%	Cumulatively minimum 30%
10 years and within 20 years	30%	
20 years and within 30 years	30%	
30 years and within 40 years	30%	
40 years and within 50 years	30%	
50 years and above	30%	

Treasury management indicator 3 -Treasury investments - liquidity risk	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£5m	£4m	£2m	£10m

Appendix I - Capital Strategy & Treasury Management Strategy 2026/27

Contents

1. Executive Summary

Appendix 1 - 2026/27 Capital Strategy

1. Introduction
2. The Prudential Code
3. Setting Capital Budgets
4. Capital Financing Requirement
5. Revenue budget implications
6. Long Term capital investment
7. Capital disposals & receipts
8. Treasury management
9. Investments for service purposes
10. Commercial investments
11. Knowledge & skills

Appendix 2 - 2026/27 Monmouthshire County Council Treasury Management Strategy

1. Economic background and financial context
2. Local Context
3. Borrowing strategy
4. Investment Strategy
5. Other matters
6. Additional requirements of Welsh Government Investment Guidance
7. Advisors Economic & Interest Rate Forecast
8. MRP Policy Statement 2026/27
9. Glossary of treasury terms

Capital Strategy

The Capital Strategy is produced in accordance with the CIPFA Prudential Code and provides a high-level framework for how the Council plans, prioritises and finances capital investment. It is intended to support transparency, member understanding and effective governance of decisions that have long term financial implications.

Capital investment decisions shape the Council's asset base and financial position for many decades. As such, the strategy focuses on ensuring that capital expenditure and borrowing decisions are affordable, prudent and sustainable, and that the associated risks to the Council's future financial resilience are clearly understood and managed.

The strategy sets out the long-term context within which capital decisions are made, recognising the significant financial constraints facing the Council. Demand for capital investment continues to exceed the level of funding that can be supported within the Medium Term Financial Plan, requiring careful prioritisation of schemes, disciplined programme management and a strong focus on value for money.

In recent years, the Council's approach to capital investment has increasingly been shaped by the need to maintain and safeguard existing assets, manage growing maintenance backlogs and address health and safety and statutory requirements. While opportunities to secure external funding and work with partners remain important, the strategy recognises the operational and financial challenges associated with short term and restricted grant funding and the need to avoid overreliance on uncertain funding sources.

The Capital Strategy therefore places emphasis on clarity of purpose and outcomes. It provides a framework for balancing competing demands, including maintaining the existing asset base, supporting priority infrastructure and enabling longer term transformation where this can be achieved within affordable limits. This approach supports consistent decision making and effective member scrutiny, particularly where difficult trade-offs are required.

The strategy also highlights the close relationship between capital investment, borrowing and treasury management. Decisions on how capital expenditure is financed directly affect future revenue budgets through borrowing costs and Minimum Revenue Provision. The strategy confirms that the Council's approach to borrowing and capital financing remains prudent and aligned with its long-term financial capacity.

Overall, the Capital Strategy provides assurance that capital investment decisions are being taken within a clear governance framework, informed by long term financial planning and a realistic assessment of risk. It supports the Council's commitment to stewardship of public resources, financial sustainability and the delivery of priority outcomes for residents.

Treasury Strategy

Treasury management is concerned with the effective management of the Council's cash flows, borrowing and investments, and the associated financial risks. Given the scale and long-term nature of the Council's

capital programme, treasury management decisions have a significant influence on affordability, financial resilience and the stability of future revenue budgets.

The Treasury Management Strategy is prepared in accordance with the CIPFA Treasury Management Code of Practice and relevant Welsh Government guidance. It provides the framework within which borrowing and investment decisions are taken, ensuring that these activities are carried out prudently, transparently and in a manner consistent with the Council's overall financial strategy.

The strategy is set within a challenging but gradually stabilising economic environment. While inflationary pressures have eased and interest rates are expected to reduce modestly over the medium term, longer term borrowing costs remain volatile and subject to wider economic and geopolitical risks. In this context, the strategy prioritises the protection of public funds, the management of risk and the maintenance of sufficient liquidity over the pursuit of higher returns.

The Council continues to adopt a cautious approach to borrowing and investment. Internal borrowing remains a central feature of the strategy, helping to limit exposure to higher long-term borrowing costs while maintaining flexibility to respond to changing market conditions. Where external borrowing is required, decisions will be closely aligned to the capital programme and informed by affordability and risk considerations over the long term.

Investment activity is primarily focused on the management of day-to-day cash flows and the safeguarding of balances held. The strategy confirms that security and liquidity remain the Council's overriding priorities when investing treasury funds, supported by clearly defined counterparty limits, ongoing monitoring and the use of independent professional advice.

A key component of the Treasury Management Strategy is the Minimum Revenue Provision (MRP) Policy Statement. MRP ensures that borrowing undertaken to finance capital expenditure is repaid in a prudent and sustainable manner over the useful life of assets. The strategy recommends continuation of the Council's established MRP approach, supporting intergenerational fairness and long-term financial sustainability.

The Treasury Management Strategy sets out the framework within which the Council's borrowing and investment activities are undertaken, enabling the Governance & Audit Committee to effectively monitor performance, compliance and risk. It provides assurance that these activities are managed within a robust governance and control environment, aligned to the Capital Strategy and Medium Term Financial Plan, and focused on risk management, affordability and the prudent stewardship of public resources.

Appendix 1

2026/27 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. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Authority 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.
- 1.3. 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.
- 1.4. The strategy highlights the key risks and considerations:
 - The Council's medium-term capital programme includes annual funding from unsupported borrowing. While this borrowing remains affordable and is factored into medium-term revenue budget planning, recent budget reviews have identified several capital backlog pressures that will need substantial action within the financial plan period. If other funding sources cannot be secured, additional borrowing will become necessary.
 - Given the considerable demands on capital resources and their limited availability, it is essential to integrate and coordinate the organisation's various strategic plans that drive capital investment. Developing alternative strategies to address these demands will enable the Council to prioritise its capital programme within an affordable framework. This approach will also provide greater transparency and evaluation of required maintenance for assets such as property, highways, and other operational holdings, while placing emphasis 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.
 - Due to the funding pressures on the Capital programme and the challenges with delivering projects on time, it's important to have strong governance structures in place. Traditionally, this has been managed through finance oversight and by the Capital working group, who have ensured that services and project managers are accountable for progress. However, the level of project slippage remains a challenge that can impact both wider capacity for project delivery, and future funding clarity.

- The prudential indicators, including borrowing limits, are in line with the Council’s medium term financial plan.
- 1.5. The strategy will be reviewed and updated on an annual basis alongside the Treasury Management Strategy given that both strategies are intrinsically linked.
- 1.6. 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)
 - The link to treasury decision making. (Section 8)
 - Consideration of investment for service purposes and commercial activity of the Council and the strategy going forward. (Section 9 and 10)
 - Summary of the skills and knowledge the Council holds in order for it to carry out its capital investment and treasury functions. (Section 11)

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. The Council delegates responsibility for the detailed implementation, monitoring and scrutiny of capital investment and its associated treasury management policy, strategy and practices to the Section 151 Officer, with oversight and assurance provided by 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 could 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 £55.9m as summarised below:

Table 1: Capital Medium Term Financial Plan

Scheme Type	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative Budget 2029/30
Asset Management Schemes	2,251,599	2,230,049	2,230,049	2,230,049
School Development Schemes	0	0	0	0
Infrastructure & Transport Schemes	9,186,137	6,704,740	4,204,740	4,204,740
Regeneration Schemes	730,200	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	370,655	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	2,707,500	1,707,500	707,500	0
Other Schemes	550,000	550,000	590,000	590,000
Total Expenditure	18,496,091	15,035,489	11,575,489	10,867,989

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 2026/27 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. 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.
- 3.5. 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 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative Budget 2029/30
Debt	10,848,936	9,302,989	7,592,889	7,592,889
External sources	4,692,000	3,872,000	3,122,000	3,122,000
Capital Receipts	2,757,500	1,757,500	757,500	50,000
Reserves	197,655	103,000	103,000	103,000
Total Funding	18,496,091	15,035,489	11,575,489	10,867,989

- 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

	2025/26 Forecast £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's	2029/30 Estimate £m's
Capital Financing Requirement	196.0	226.8	237.1	237.7	237.8
Minimum Revenue Provision	6.0	6.1	6.3	6.5	6.6

- 4.5. Delivery of the capital programme within planned timeframes has proved challenging 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 2026/27 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	2025/26 Estimate £m's	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's	2029/30 Estimate £m's
Net Interest payable	6.8	7.0	7.3	7.3	7.3
MRP	6.0	6.1	6.3	6.5	6.6
Total Financing costs	12.8	13.2	13.6	13.8	13.9
Net Revenue Stream	214.5	229.7	234.4	239.5	244.7
Proportion of net revenue stream %	5.98%	5.74%	5.79%	5.76%	5.69%

- 5.2. The overall proportion of financing costs remains broadly 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 investment

Purpose and Strategic Context

- 6.1. Capital expenditure enables the Council to deliver services by investing in long-term assets such as land, buildings, infrastructure and equipment. These assets underpin both statutory services (including schools, housing and libraries) and discretionary services (such as leisure facilities and museums) and therefore play a critical role in service delivery and community outcomes.

6.2. Given the breadth of services provided by the Council, capital investment decisions have wide ranging implications for both costs and income. Capital spending shapes the Council's asset base for decades and directly influences future revenue budgets. As a result, capital decisions must be taken within a clear strategic framework and with a long-term focus on affordability, sustainability and value for money.

Financing and Affordability

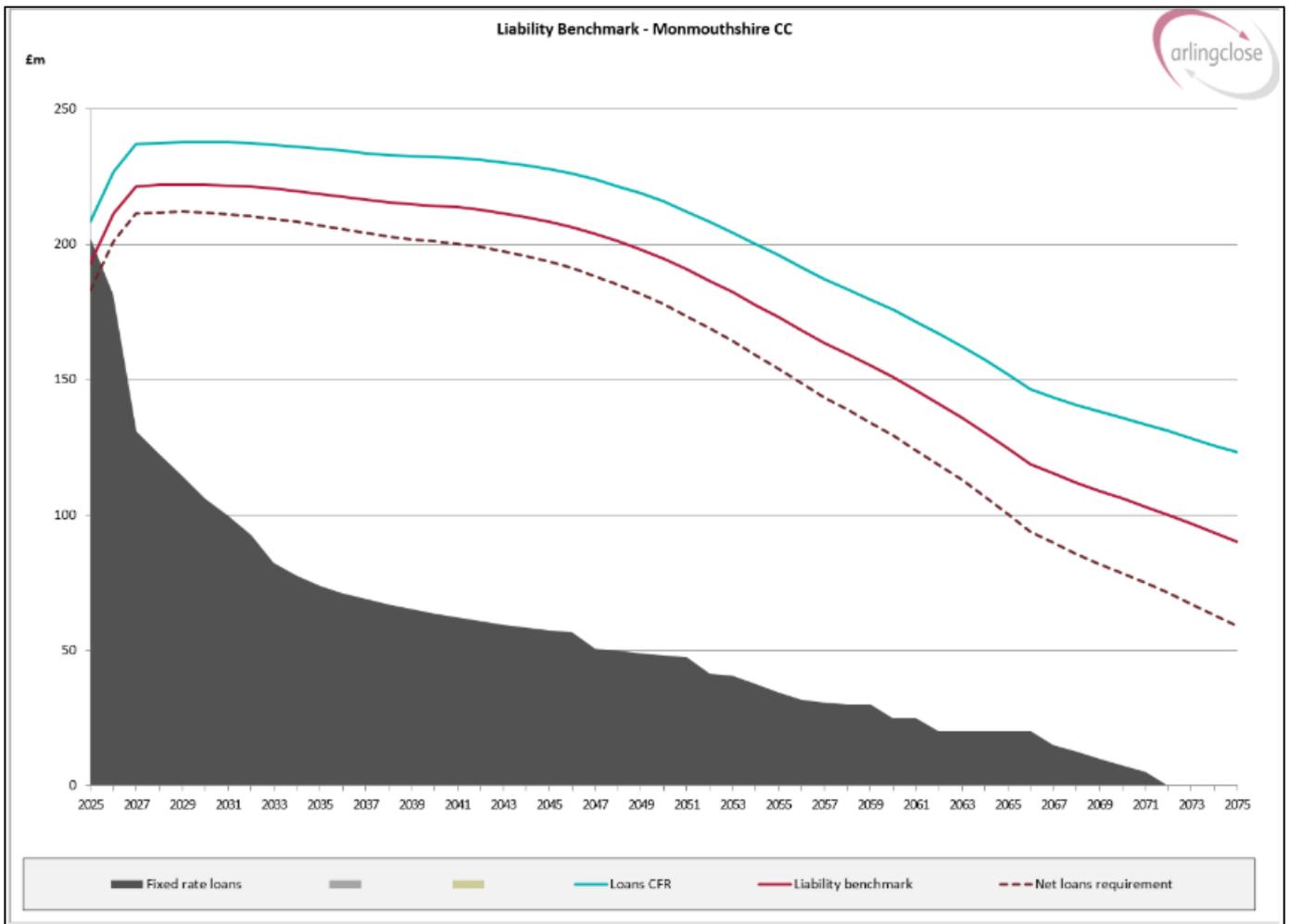
6.3. Capital investment is typically associated with assets that have long useful lives, often extending beyond 50 years. How these assets are financed has a significant impact on the Council's financial sustainability. Where expenditure is financed through borrowing, long-term revenue commitments arise, most notably through the requirement to make annual Minimum Revenue Provision (MRP) charges.

6.4. Ongoing financial constraints mean that the Council's capacity to support capital investment through borrowing is expected to remain highly restricted over the long term. This significantly limits the Council's ability to fund both new investment and the resolution of existing maintenance backlogs, creating a challenging environment in which to deliver medium and long-term capital aspirations.

Long-Term Borrowing Outlook

6.5. The liability benchmark illustrates the long-term impact of the current capital programme and projected borrowing over a 50 year period. In summary, it demonstrates:

- A short-term increase in the Capital Financing Requirement (CFR), reflecting delivery of the existing capital programme and the associated need for external borrowing;
- A gradual reduction in overall CFR over the longer term, driven by assumed annual borrowing levels being lower than annual MRP charges;
- A corresponding long-term reduction in the need for external borrowing; and
- A requirement for further borrowing in the medium to long term to refinance maturing debt, even where capital expenditure levels reduce.



6.6. The modelling is indicative and for planning purposes only. Actual outcomes will be influenced by a range of factors, including the scale and deliverability of the capital programme, the availability of external funding and grants, the Council’s internal resources, and future MRP policy and treasury management strategy.

Grant Funding uncertainty and planning constraints

6.7. The timescales and structure of capital grant funding also present increasing challenges for councils in planning and delivering capital investment effectively. Since the pandemic, the timeframe between notification of funding and the requirement to approve balanced budgets has shortened significantly, reducing the time available to develop robust capital proposals and limiting opportunities for member scrutiny.

6.8. In addition, a significant proportion of capital funding is provided through restricted grants awarded on an annual basis, often confirmed late in the financial year and, in some cases, requiring expenditure within the same year. While such funding can increase overall investment, the short-notice nature of these awards can encourage a more reactive or opportunistic approach, making it harder to align projects with longer-term asset strategies and to maximise value for money.

- 6.9. Short-term and fragmented grant funding can also disrupt delivery of existing capital programmes, as resources must be diverted to develop bids and deliver new schemes at pace. This creates pressure on capacity, complicates integration with revenue planning, and can reduce the effectiveness, efficiency and economy of capital investment over the longer term. The Council therefore seeks, where possible, to plan prudently for grant funding uncertainty and to prioritise schemes that remain affordable and deliverable even where external funding assumptions change
- 6.10. In these circumstances, it is particularly important that the Council's capital programme is underpinned by clear aims and intended outcomes. The capital strategy provides a framework for balancing the competing demands of maintaining the existing asset base, investing in priority new infrastructure and supporting longer-term transformation objectives.
- 6.11. This clarity helps ensure that individual schemes, including those supported by short-term or restricted grant funding, can be assessed consistently, aligned with wider corporate and financial strategies, and prioritised in a way that maximises value for money across the Council area as a whole, while recognising the need for members to balance local and corporate priorities.

Ongoing Capital Programme Development

- 6.12. In the context of constrained resources, it is essential that the Council maintains a clear understanding of its future capital priorities and risks. These are informed by a range of corporate plans and strategies, which set out long-term objectives such as decarbonisation, regeneration and the provision of affordable housing.
- 6.13. Alongside investment in new priorities, there is a continuing need to maintain the existing asset base. Historic funding constraints have contributed to the development of a maintenance backlog, increasing the risk of asset failure over time. While condition surveys and ongoing monitoring help to manage these risks, ageing assets will inevitably require increasing levels of investment to maintain fitness for purpose or to undertake major refurbishment.
- 6.14. Balancing capital investment with day-to-day revenue spending presents an ongoing challenge. Revenue expenditure can often provide more immediate responses to service pressures, whereas capital projects typically have longer lead-in times and extended delivery periods. This can make capital investment harder to prioritise in periods of acute service demand.
- 6.15. However, deferring capital investment can lead to higher costs in the longer term. Poor quality or outdated assets can drive increased maintenance expenditure, reduce service effectiveness and expose the Council to inflationary pressures in construction costs. In many cases, timely capital investment represents the more sustainable and cost effective option.
- 6.16. The capital programme therefore prioritises maintenance and refurbishment funding towards the highest risk assets, focusing on condition, criticality and health and safety considerations. In parallel, estate rationalisation, asset disposals, transfers and targeted refurbishment or replacement projects will be used to mitigate the scale of the backlog where this can be achieved in an affordable way. While this approach will not eliminate the backlog in full, it supports a risk based and proportionate response.

6.17. Looking ahead, additional priorities are likely to emerge over the medium to long term, including future phases of the Welsh Government's Sustainable Communities for Learning Programme and further regeneration initiatives. These schemes will require significant match funding and will need to be carefully assessed alongside other competing demands to ensure overall affordability and alignment with the Council's strategic objectives.

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

	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Balance as at 1st April	6,083	4,627	4,430	3,474	2,819
Less: capital receipts used for financing	(289)	(367)	(50)	(50)	(50)
Less: capital receipts used to support capitalisation directive	(3,770)	(2,708)	(1,708)	(708)	0
Capital receipts for Redundancies	0	0	0	0	0
Capital receipts received	2,500	0	0	0	0
Capital receipts forecast	103	2,878	803	103	103
Forecast Balance as at 31st March	4,627	4,430	3,474	2,819	2,871

- 7.8. Further specific details of planned asset disposals are reported regularly to Cabinet Members.
- 7.9. The value of Capital receipts forecast after 2026/27 drops off quite considerably as the Council awaits the outcome of the replacement Local Development Plan.
- 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 is developed in conjunction with the Capital strategy, each influencing the Council’s debt levels and investment decisions. Treasury management ensures the Council maintains enough cash to meet spending needs, balancing revenue surpluses against capital shortfalls to minimise borrowing and avoid unnecessary credit balances.
- 8.2. Currently, the Council favours internal borrowing, funding capital expenditure from available reserves and positive cash flows, rather than taking out new long-term loans. This approach reduces reliance on external borrowing and helps minimise investment counterparty risk when market rates remain volatile.

- 8.3. While internal borrowing lowers risk and costs in the short term, it carries exposure to future interest rate increases. The Council closely monitors market conditions to manage this risk and aims to achieve a low, predictable cost of finance, balancing short-term flexibility with the certainty of long-term borrowing rates.
- 8.4. The Council's treasury investment policy prioritises security and liquidity over maximising returns, with short-term funds invested securely and longer-term cash invested more broadly.
- 8.5. Further details on these policies and practices can be found in the adjoining Treasury Management Strategy document.

9. Investments for Service Purposes

- 9.1. 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.
- 9.2. 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.
- 9.3. 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.
- 9.4. 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.
- 9.5. 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.
- 9.6. 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.

10. Commercial Activities

10.1. 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.

10.2. Total commercial investments held by the Council are currently valued at £28.4m:

Table 6: Value of Commercial investments

Asset	Value @ 01/04/2024	Movement	Value @ 31/03/2025
Castlegate Business Park	6,654,270	129,735	6,784,005
Castlegate Business Park - Service Charge	201,422	0	201,422
Newport Leisure Park	18,819,000	-3,203,000	15,616,000
Oak Grove Solar Farm	5,610,937	174,478	5,785,415
Total	31,285,629	-2,898,787	28,386,842

10.3. The ratio of commercial income compared to the Council’s net revenue budget is around 1.2% 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

10.4. 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.

10.5. A residual capital budget of £1.78m is held to support any further capital investment required on existing investments, in order to maintain value and maximise return on investment.

10.6. 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.

10.7. 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.

10.8. 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.

- 10.9. 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.
- 10.10. 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.

11. Knowledge & skills

Internal expertise

- 11.1. 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.
- 11.2. 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

- 11.3. 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

- 11.4. 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.

2026/27 Treasury Management Strategy

1. Economic background and financial context

- 1.1. **Economic background:** The most significant impacts on the Authority's treasury management strategy for 2026/27 are expected to include: the influence of the government's budget strategy, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.
- 1.2. In February 2026, the MPC held Bank Rate at 3.75%, but the more dovish tone accompanying the decision led markets to bring forward expectations of monetary easing. Four members voted for an immediate cut, and two of the holding majority indicated they may support a reduction soon, reflecting continued disinflation, rising unemployment and softening wage growth.
- 1.3. The February 2026 Monetary Policy Report indicates that UK economic growth remains subdued but stabilising, with the Bank of England projecting GDP to expand by around 1.4% in 2026, broadly consistent with the modest outlook signalled in earlier forecasts. Although recent data confirm only slight momentum in late-2025, the Bank notes that easing inflation, looser monetary conditions and gradually improving global demand should support a modest pickup in activity later in the year. Nevertheless, risks around domestic demand, higher taxes, and continued labour-market slack suggest that the recovery will remain fragile. This reinforces the overall picture of a slow-growth environment, in line with both Bank projections and other independent assessments of UK economic prospects.
- 1.4. CPI inflation was 3.4% in December 2025, slightly below expectations and continuing its downward trend. The Bank of England now anticipates inflation will fall more sharply than previously projected, reaching around 2.1% by Q2 2026, driven in part by lower energy prices and the impact of fiscal measures announced in Budget 2025. Wage and price pressures have continued to moderate, giving the MPC increased confidence that inflation is on track to return sustainably to the 2% target thereafter.
- 1.5. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

- 1.6. The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 1.7. The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 1.8. **Credit outlook:** Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump’s ‘Liberation Day’ tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
- 1.9. While lower interest rates may weigh on banks’ profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority’s treasury management advisor) Arlingclose’s counterparty list. Arlingclose’s advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.
- 1.10. **Interest rate forecast (December 2025):** Arlingclose, the Authority’s treasury management adviser, currently forecasts that the Bank of England’s Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.
- 1.11. Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.
- 1.12. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 1.13. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.2%, and that new long-term loans will be borrowed at an average rate of 4.7%.

2. Local Context

2.1. On 31st December 2025, the Council held £182.8m of borrowing and £12.0m of treasury investments as demonstrated below:

Table 1: Current debt and investment levels

	31st Dec 2024 Actual Portfolio £m's	Average Rate %	31st Dec 2025 Actual Portfolio £m's	Average Rate %
External borrowing:				
Public Works Loan Board	135.8	3.52%	148.6	3.7%
LOBO loans from banks	0.0	0.0%	0.0	0.0%
Welsh Government Loans	4.7	0.0%	6.2	0.0%
Council to Council & other ST loans	44.0	5.06%	28.0	4.5%
Total external borrowing	184.5	3.71%	182.8	3.69%
Treasury investments:				
Banks & building societies (unsecured)	0.0	0.0%	2.0	3.60%
Government (incl. local Councils)	9.0	4.99%	3.0	4.35%
Money Market Funds	2.5	4.78%	3.0	4.17%
Strategic pooled funds	4.0	5.44%	4.0	5.48%
Total treasury investments	15.5	5.03%	12.0	4.56%
Net debt	169.0		170.8	

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. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Authority expects to comply with this recommendation during 2026/27.

2.5. **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.

2.6. 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

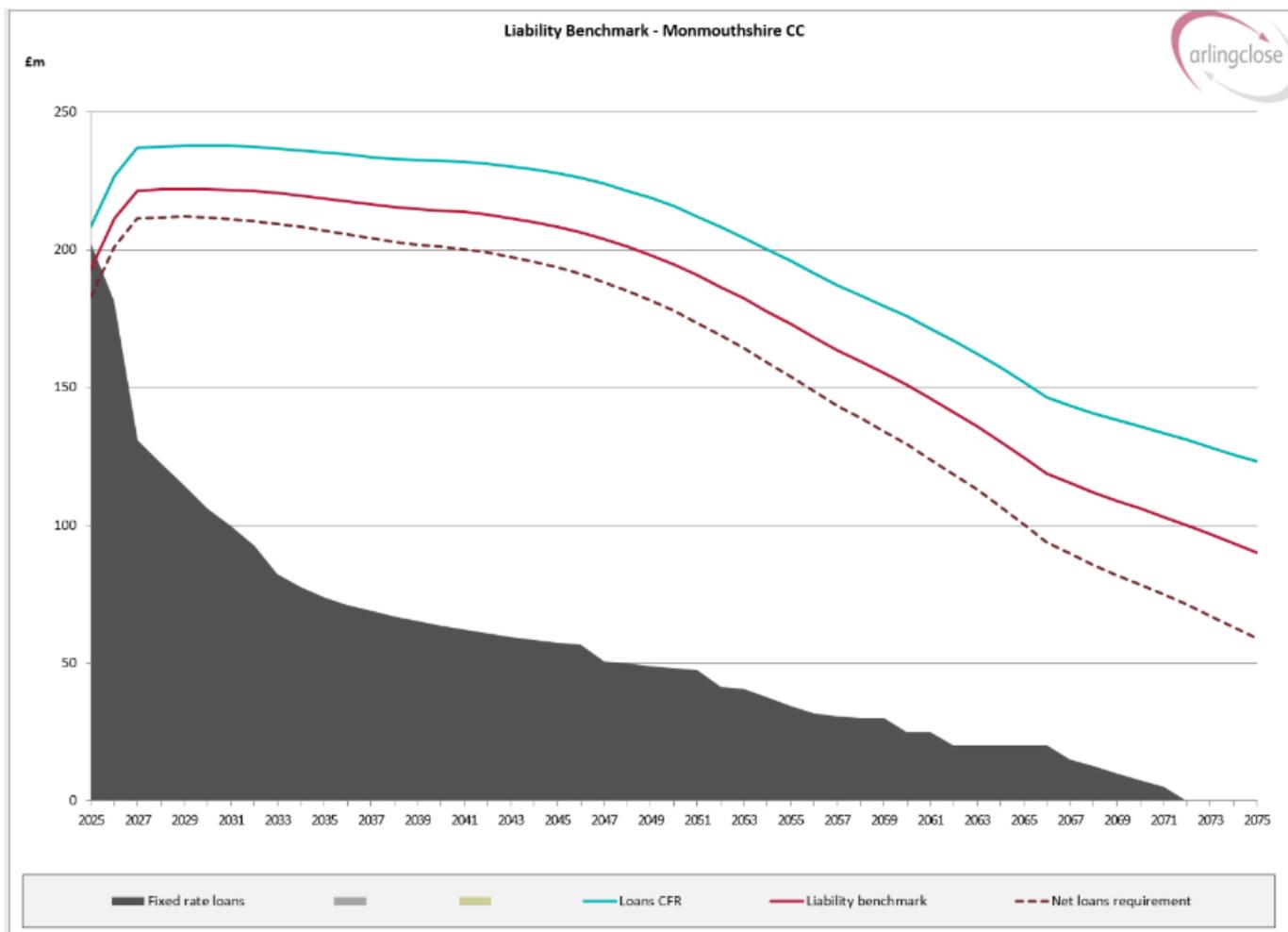
borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Liability benchmark

	31.3.25 Actual £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
Loans CFR	196.0	226.8	237.1	237.5	237.7	237.8
Less: Balance sheet resources	(34.1)	(25.5)	(25.5)	(25.5)	(25.5)	(25.9)
Net loans requirement	161.9	201.3	211.6	212.0	212.2	211.9
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.3
Liability benchmark	171.9	211.3	221.6	222.0	222.2	222.2
Current loan profile**	(202.3)	(182.1)	(131.8)	(123.5)	(115.3)	(106.8)
Borrowing requirement	0.0	29.2	89.8	98.5	106.9	115.4

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

2.7. 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:



2.8. The 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 the 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.

2.9. 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 £182.8m of loans, a reduction of £1.7m compared to the previous year, as part of its strategy for funding previous years’ capital programmes. The liability benchmark above

shows that the Council expects to take new loans of up to £89.8m in 2026/27 as existing loans mature and new capital investment is made. 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 have fallen over the past year, and are expected to fall a little further, 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.
- 3.4. 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, noted later in the strategy.
- 3.5. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
- 3.6. 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 2026/27 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.7. 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.
- 3.8. 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.
- 3.9. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.10. **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 or insurance company 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
- 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

- 3.11. **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.
- 3.14. **Authorised limit and Operational boundary:** 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.
- 3.15. 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.
- 3.16. 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	2026/27 Estimate £m's	2027/28 Estimate £m's	2028/29 Estimate £m's	2029/30 Estimate £m's
Operational Boundary - borrowing	255.5	259.3	262.0	262.5
PFI, leases & right of use assets/Headroom	17.8	17.8	17.8	17.8
Operational Boundary - total external debt	273.3	277.1	279.8	280.3
Authorised Limit – borrowing	270.9	274.7	277.4	277.9
PFI, leases & right of use assets/Headroom	18.8	18.8	18.8	18.8
Authorised Limit - total external debt	289.7	293.5	296.2	296.7

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%	Cumulatively minimum 30%
10 years and within 20 years	30%	
20 years and within 30 years	30%	
30 years and within 40 years	30%	
40 years and within 50 years	30%	
50 years and above	30%	

4. Investment strategy

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 2026/27 will remain at the lower end, 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.
- 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, and the UK Stewardship Code.
- 4.6. An updated list of signatories to both the charters is provided by the Authority's treasury advisors each quarter and will continue to be monitored. Any counterparties not meeting the criteria will be removed from the Authorities investment portfolio, with any existing funds to be disinvested at the earliest appropriate opportunity.
- 4.7. At this stage, ESG considerations inform counterparty selection rather than acting as a quantitative investment constraint. The Council will continue 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 accounting 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 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%
Banks (unsecured) *	13 months	£3m (£4m 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.

Uk 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. A higher limit applies for investments fully secured on UK or other government collateral.

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 £4m 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 £15.0m. 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. Other 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 2026/27 is £804k, based on an average investment portfolio of £22m 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 2026/27 is £7.85m, based on existing loans and assumed new borrowing at an average rate of 4.7%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Other Options Considered

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

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

6. Additional requirements of Welsh Government Investment Guidance

- 6.1. The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local Councils that are not integral to this Council's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.
- 6.2. **Contribution:** The Council's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:
- treasury management investments support effective treasury management activities,
 - loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Council, and
 - investment property provides a net financial surplus that is reinvested into local public services and supports economic regeneration.
- 6.3. **Climate change:** The Authority's investment decisions consider long term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED lighting and Solar PV, as well as ultra-low emission vehicles. In addition, the newly constructed Abergavenny 3-19 school is designed to operate 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 below; 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.

- 6.10. 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. It should be noted however, that the Council has elected to make Minimum Revenue Provision (MRP) for commercial investments funded via prudential borrowing. This ensures that over the expected useful life of the assets, that sufficient overall provision is being made for the financing of the assets, and that the Council is not reliant on any future capital disposal value.
- 6.11. The Council continues to closely review options in respect of existing non-financial investments, including:
- Retaining assets and increasing net returns
 - Disposing of assets
 - Retaining assets for future capital gains
 - Maximising return on capital in another way
- 6.12. 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 1.2% of the overall net revenue budget stream.
- 6.13. **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.
- 6.14. 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.
- 6.15. **Investment advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and use Alder King as advisers for Commercial Property management. The quality of these services is controlled by the Finance and Estates teams.
- 6.16. **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.
- 6.17. **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.
- 6.18. 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.
- 6.19. **Commercial deals:** Any commercial deals that the Council would be involved in would involve statutory officers in those discussions and any final decisions. This ensures that the core principles of the prudential framework and the regulatory regime of the local authority is adhered to when making such decisions.
- 6.20. **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 2025

Underlying assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.

- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher.

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

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 2026/27

- 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 2026/27:

8.6. The following MRP policy will be applied:

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 2026/27 will not be subject to an MRP charge until 2027/28. The 2026/27 budget proposals reflect these outlined positions.
- 8.9. In February 2026, Welsh Ministers issued supplementary guidance alongside amendments to the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, providing time-limited flexibility for the 2026/27 financial year only in relation to Minimum Revenue Provision (MRP). The amended regulations allow county and county borough councils to exercise discretion in that year to charge no MRP, charge a reduced amount, or continue to charge MRP in line with existing guidance, subject to the requirement that any amount charged must be considered prudent.
- 8.10. Where the Council chooses to apply this flexibility, Welsh Government guidance makes clear that any decision to reduce or defer MRP in 2026/27 must be temporary and fully unwound in future years. Any foregone or reduced provision must be reassessed annually and recovered over time, with Welsh Ministers recommending that any resulting adjustment is spread over a reasonable period and normally no longer than ten years, to avoid creating unsustainable future budget pressures. The guidance therefore reinforces that the flexibility is intended to support short-term financial management only and does not remove the Council’s long-term obligation to make prudent provision for the repayment of capital debt.
- 8.11. Any use of this flexibility by the Council would represent a material change to its established approach to MRP. Accordingly, the application of the discretion provided by the 2026 Regulations would require explicit approval by Full Council, through consideration and adoption of a revised MRP Policy Statement, in line with the governance requirements set out in the 2018 MRP guidance. No departure from the Council’s approved MRP methodology would be implemented without such approval being obtained.

9. Glossary of treasury terms

Authorised Limit	<p>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.</p> <p>(see also <i>Operational Boundary</i>, below)</p>
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 - Secured - unsecured	Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default Unsecured investments do not have underlying collateral. Such investments made by local Councils with banks and building societies are at risk of bail-in should the regulator determine that the bank is failing or likely to fail.
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 updated 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

This page is intentionally left blank

Appendix J - Welsh Government Final Local Government Funding Data and Specific Grants 2026/27 (All Wales)

Table 1a: Change in Aggregate External Finance (AEF), plus floor funding, adjusted for transfers and taxbase, by Unitary Authority (£000)

Unitary Authority	2025-26 Final Aggregate External Finance	2026-27 Final Aggregate External Finance	Percentage difference	Rank
Newport	335,814	356,168	6.1%	1
Swansea	477,993	502,797	5.2%	2
Blaenau Gwent	157,800	165,530	4.9%	3
Wrexham	255,602	268,026	4.9%	4
Merthyr Tydfil	135,780	142,226	4.7%	5
Torfaen	196,555	205,875	4.7%	6
Bridgend	283,224	296,168	4.6%	7
Rhondda Cynon Taf	532,246	556,416	4.5%	8
Denbighshire	220,061	229,908	4.5%	9
Monmouthshire	138,575	144,723	4.4%	10
The Vale of Glamorgan	230,251	240,134	4.3%	11
Caerphilly	382,183	398,562	4.3%	12
Neath Port Talbot	312,772	326,025	4.2%	13
Powys	256,751	267,568	4.2%	14
Pembrokeshire	238,843	248,890	4.2%	15
Cardiff	688,189	716,999	4.2%	16
Isle of Anglesey	138,812	144,585	4.2%	17
Flintshire	282,373	294,090	4.1%	18
Conwy	224,239	233,503	4.1%	19
Gwynedd	253,589	264,009	4.1%	20
Ceredigion	147,293	153,336	4.1%	21
Carmarthenshire	384,396	400,106	4.1%	22
Total unitary authorities	6,273,341	6,555,645	4.5%	

Table 1c: Aggregate External Finance (AEF) per capita, by Unitary Authority, 2026-27

Unitary Authority	2026-27 Final Aggregate External Finance	Aggregate External Finance per capita (£)	Rank
Blaenau Gwent	165,530	2,439	1
Merthyr Tydfil	142,226	2,412	2
Denbighshire	229,908	2,341	3
Rhondda Cynon Taf	556,416	2,291	4
Neath Port Talbot	326,025	2,276	5
Caerphilly	398,562	2,253	6
Torfaen	205,875	2,187	7
Gwynedd	264,009	2,185	8
Newport	356,168	2,121	9
Ceredigion	153,336	2,112	10
Carmarthenshire	400,106	2,097	11
Isle of Anglesey	144,585	2,092	12
Conwy	233,503	2,032	13
Bridgend	296,168	2,008	14
Swansea	502,797	2,001	15
Powys	267,568	1,981	16
Pembrokeshire	248,890	1,979	17
Wrexham	268,026	1,939	18
Flintshire	294,090	1,887	19
Cardiff	716,999	1,868	20
The Vale of Glamorgan	240,134	1,769	21
Monmouthshire	144,723	1,525	22
Total unitary authorities	6,555,645	2,057	

Table 7: List and estimated amounts of Grants for total Wales (£000)

Portfolio and Grant Name	2025-26	2026-27
<u>Total Education and Further & Higher Education (of which below)</u>	554,914	546,720
Local Authority Education Grant - Schools Standards	169,236	178,123
Local Authority Education Grant - Equity	156,259	158,750
LAEG Demand Led - Universal Primary Free School Meals	93,058	92,607
Local Authority Education Grant - Reform	73,358	71,976
School Essentials Grant	12,458	12,458
Youth Support Grant	11,483	11,557
Mutual Investment Model - Revenue	11,356	11,700
Teachers Pay	10,411	RSG
Local Authority Education Grant - Cymraeg 2050	9,475	9,473
LAEG Demand Led - Other Funding [Note 2]	6,142	TBC
LAEG Demand Led - Post 16 Specialist Placements	1,100	TBC
SEREN	465	0
Welsh Medium Schools	114	76
<u>Total Health, Social Care and Children (of which below)</u>	337,137	337,488
Children and Communities Grant (CCG)	222,278	222,718
Social Care Workforce Grant	45,000	45,000
Pathways of Care Transformation Grant	30,000	30,000
Eliminating Profit and Radical Reform	25,178	24,823
Childcare Offer- Administration Grant	3,250	3,250
Adoption Support Services	2,300	2,300
Supporting Foster Wales	2,137	2,137
Additional Support Grant – Childcare Offer	2,000	2,500
Age Friendly Communities Grant	1,100	1,100
Implementation of the Performance and Improvement Framework Grant	880	880
AdoptCymru 2025 - and beyond	690	690
Supporting Foster Wales - All Wales Brand	560	560
National Approach to Statutory Advocacy for Children and Young People	550	550

Supporting Regional Safeguarding with development and implementation of the Single Unified Safeguarding Review	252	252
All Wales Play Opportunities Grant	230	0
Adoption Register Cymru	222	224
Parent Peer Advocacy and Support Services (PPASS)	177	177
SUSR Chairs and Reviewers Funding	120	120
Safeguarding Boards – training	84	84
Maintenance of Wales Safeguarding Procedures	50	50
Single Unified Safeguarding Review Learning and Development Plan Delivery Grant	49	49
Data and Performance Officer	24	24
Grant Funding for Offensive Weapons Homicide Reviews	6	0
Total Housing and Local Government (of which below)	217,309	225,570
Housing Support Grant	204,341	211,027
Cardiff Harbour Authority	6,291	6,291
Leading Scheme Wales (Revenue)	3,370	3,437
Affordable Housing Grant	2,515	2,515
Transforming Towns Revenue	450	TBC
Assets Collaboration Programme Wales (ACPW3)	310	TBC
Rural Housing Enabler	32	TBC
Pre-implementation activity for the Homelessness and Social Housing Allocation (Wales) Bill	0	2,300
Total Transport and North Wales (of which below)	132,519	136,620
Mandatory Concessionary Fares	52,000	52,000
Bus Network Grant	42,000	42,000
Bus Services Support	25,500	25,500
Highways Management Local Borrowing Initiative	6,000	10,000
Cleddau Bridge removal of tolls (A477)	3,000	3,000
Youth Discounted Travel (My Travel Pass)	2,000	2,500
Local transport grants	1,594	1,600
Regional Armed Forces Liaison Officers	330	TBC
Holyhead packages of support	75	0
Armed Forces Day Grant	20	20
Total Finance and Welsh Language (of which below)	76,590	227

Retail, Leisure and Hospitality Rates Relief [Note 3]	76,363	TBC
Cymraeg 2050	227	227
Total Mental Health and Wellbeing (of which below)	44,063	44,063
Substance Misuse Action Fund [Note 4]	41,063	41,063
Deprivation of Liberty Safeguards (DoLS)	3,000	3,000
Total Culture, Skills & Social Partnership (of which below)	28,151	28,325
Communities for Work+	16,767	16,767
Economic Inactivity Trailblazer	9,240	10,000
Culture Revenue Grant	1,261	1,558
Creative Skills Grant	800	TBC
Anti-Racist Wales Action Plan	55	TBC
Specialist Service Grants	28	TBC
Total Climate Change & Rural Affairs (of which below)	19,608	4,263
Sustainable Waste Management Grant	16,400	TBC
Local Air Quality Management Support Fund	836	TBC
Animal Licensing Wales Enforcement	700	TBC
Nitrogen Dioxide compliance fund	589	582
Coal Tip Safety Grant Scheme	577	3,048
National Landscapes: Strategic Grant	361	436
LA Animal Health & Welfare Partnership Delivery Plan	100	100
Ffermio Bro	45	98
Total Social Justice, Trefyndd & Chief Whip (of which below)	8,603	1,932
Violence Against Women, Domestic Abuse and Sexual Violence - Revenue Grant	3,654	TBC
Period Dignity Grant	2,959	TBC
Community Cohesion	1,600	1,632
Winter Fuel Support Grant	300	300
Violence Against Women Domestic Abuse and Sexual Violence - Revenue Grant - Ask and Act	90	TBC
Total Economy, Energy and Planning (of which below)	1,661	830
ARFOR Transition Period	500	0
Flood alleviation at Port Talbot	300	0
Local Area Energy Planning - Resource Support (Mid Wales,North Wales and Southwest Wales)	300	312
Event Wales	253	255

Recruitment regarding infrastructure planning applications for North Wales	123	123
South Wales Regional Aggregate Working Party (RAWP)	50	50
Waste Planning Monitoring Report – North Wales and South East Wales	48	48
North Wales Regional Aggregate Working Party (RAWP)	25	25
Trawsfynydd Science Park - project brief and concept design study	20	0
Waste Planning Monitoring Report – South West Wales	17	17
Growing Mid Wales Private Sector Investment and Pipeline Development	25	0
All Grants	1,420,554	1,326,038
All Grants excluding TBC and RSG transfers (for like-for like comparison)	1,299,894	1,326,038