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County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 1 March 2023

Notice of meeting

County Council

Thursday, 9th March, 2023 at 2.00 pm, Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA

AGENDA

Prayers will be said prior to the Council meeting at 1.50pm. All members are welcome to join the Chair for prayers should they wish to do.

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1.	**Apologies for absence**	
2.	**Declarations of interest**	
3.	**Public Questions**	
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5.	**Presentation by MCC Youth Council**	
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7.	**Council Reports:**	
7.1.	**COUNCIL TAX PREMIUMS FOR LONG TERM EMPTY PROPERTIES AND SECOND HOMES**	13 - 122
7.2.	**2023/24 CAPITAL STRATEGY AND 2023/24 TREASURY MANAGEMENT STRATEGY**	123 - 190
7.3.	**PUBLICATION OF PAY POLICY STATEMENT AS REQUIRED BY THE LOCALISM ACT**	191 - 204
8.	**Next Meeting - 20th April 2023**	

Paul Matthews

Chief Executive / Prif Weithredwr

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillor Laura Wright	Grofield;	Welsh Labour/Llafur Cymru
County Councillor Tony Kear	Llanbadoc & Usk;	Welsh Conservative Party
County Councillor Catrin Maby	Drybridge;	Welsh Labour/Llafur Cymru
County Councillor Jan Butler	Goetre Fawr;	Welsh Conservative Party
County Councillor Ian Chandler	Llantilio Crossenny;	Green Party
County Councillor Sara Burch	Cantref;	Labour and Co-Operative Party
County Councillor Alistair Neill	Gobion Fawr;	Welsh Conservative Party
County Councillor Su McConnel	Croesonen;	Welsh Labour/Llafur Cymru
County Councillor Mary Ann Brocklesby	Llanelly Hill;	Labour and Co-Operative Party
County Councillor Fay Bromfield	Llangybi Fawr;	Welsh Conservative Party
County Councillor Jane Lucas	Osbaston;	Welsh Conservative Party
County Councillor Emma Bryn	Wyesham;	Independent Group
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Meirion Howells	Llanbadoc & Usk;	Independent Group
County Councillor Paul Griffiths	Chepstow Castle & Larkfield;	Welsh Labour/Llafur Cymru
County Councillor Jackie Strong	Caldicot Cross;	Welsh Labour/Llafur Cymru
County Councillor Rachel Catherine Garrick	Caldicot Castle;	Labour and Co-Operative Party
County Councillor Maria Stevens	Severn;	Welsh Labour/Llafur Cymru
County Councillor Steven Garratt	Overmonnow;	Welsh Labour/Llafur Cymru
County Councillor Angela Sandles	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Ben Callard	Llanfoist & Govilon;	Welsh Labour/Llafur Cymru
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tomos Dafydd Davies	Llanfoist & Govilon;	Welsh Conservative Party
County Councillor Dale Rooke	Chepstow Castle & Larkfield;	Welsh Labour/Llafur Cymru
County Councillor Catherine Fookes	Town;	Welsh Labour/Llafur Cymru
County Councillor Sue Riley	Bulwark and Thornwell;	Welsh Labour/Llafur Cymru
County Councillor Jayne McKenna	Mitchel Troy and Trellech United;	Welsh Conservative Party
County Councillor Jill Bond	West End;	Welsh Labour/Llafur Cymru
County Councillor Louise Brown	Shirenewton;	Welsh Conservative Party
County Councillor Lisa Dymock	Portskewett;	Welsh Conservative Party
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor Christopher Edwards	St. Kingsmark;	Welsh Conservative Party
County Councillor Martyn Groucutt	Lansdown;	Welsh Labour/Llafur Cymru
County Councillor Simon Howarth	Llanelly Hill;	Independent Group
County Councillor Richard John	Mitchel Troy and Trellech United;	Welsh Conservative Party
County Councillor David Jones	Crucorney;	Independent Group
County Councillor Penny Jones	Raglan;	Welsh Conservative Party
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Paul Pavia	Mount Pleasant;	Welsh Conservative Party
County Councillor Maureen Powell	Pen Y Fal;	Welsh Conservative Party
County Councillor Frances Taylor	Magor West;	Independent Group
County Councillor Tudor Thomas	Park;	Welsh Labour/Llafur Cymru
County Councillor Armand Watts	Bulwark and Thornwell;	Welsh Labour/Llafur Cymru

County Councillor Ann Webb	St Arvans;	Welsh Conservative Party

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Welsh Language

Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd trwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn yn barchus i chi roi rhybudd digonol i ni er mwyn darparu ar gyfer eich anghenion
The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with adequate notice to accommodate your needs.

Aims and Values of Monmouthshire County Council

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

- Giving people the best possible start in life
- A thriving and connected county
- Maximise the Potential of the natural and built environment
- Lifelong well-being
- A future focused council

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.

Chair's Report
26^{th} January – 25^{th} February

Thursday 26^{th} January 7 p.m.	The Friends of Caldicot Library Holocaust Memorial Day Event Caldicot Community Hub
Thursday 23^{rd} February 7 p.m.	Abergavenny Pantomime Company – performance of Cinderella Borough Theatre, Abergavenny
Saturday 25^{th} February	Gwent & Powys Army Cadet Force – 23^{rd} Rorke's Drift Band Concert Theatr Brycheinlog, Brecon

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MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held on Thursday, 19th January, 2023 at 2.00 pm

PRESENT: County Councillor Laura Wright (Chair)
County Councillor Ann Webb (Vice Chair)

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

OFFICERS IN ATTENDANCE:

Matt Phillips	Chief Officer People and Governance and Monitoring Officer
Paul Matthews	Chief Executive
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Jane Rodgers	Chief Officer for Social Care, Safeguarding and Health
Will McLean	Chief Officer for Children and Young People
Nicola Perry	Senior Democracy Officer
Frances O'Brien	Chief Officer, Communities and Place
Matthew Gatehouse	Head of Policy and Governance

APOLOGIES:

County Councillors Meirion Howells

1. **Minutes of the meeting held on 1st December 2022**

The minutes of the meeting held on 1st December 2022 were confirmed as an accurate record with the following addition to agenda item 7:

The ward members for St Kingsmark, Mount Pleasant and Shirenewton felt unable to support the plan due to the lack of progress in relation to several areas of infrastructure, impacting on traffic congestion, education provision, and healthcare provision; before any further substantial housebuilding in the Chepstow and surrounding area should be considered. They felt that Chepstow and its surrounding area has long needed vital investment in several areas of infrastructure and has already contributed a significant number of new homes to the county in the original plan period, the impact of which has yet to be felt but can only increase congestion, pollution and demand on already overstretched services.

2. **Declarations of interest**

County Councillor Paul Pavia declared an non-prejudicial interest in relation to agenda item 6a, as a self-employed public affairs consultant who has worked with Practice Solutions who are undertaking the commissioned work for My Day My Life.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held on Thursday, 19th January, 2023 at 2.00 pm

3. Public Questions

Members of the public were in attendance to present questions in relation to item 6.1: The Call In of Tudor Street Day Centre.

4. Chairs Announcement

Members paid tribute to former County Councillor, Town Councillor David Evans who had recently passed.

The Leader of the Council offered her thanks and respect to the efforts of colleagues through recent flood issues.

The Deputy Leader reported, with regret, the UK Government announcement on the allocation of Levelling-Up funding did not include any of the three bids submitted by MCC. UK Government announced that there will be a further round of bids but as yet there is no timetable. The Deputy Leader suggest that a single bid should be made at the next round of bids and alternative funding routes would be sought in the meantime.

The Cabinet Member for Education delivered a statement regarding strikes announced by members of the National Education Union in Wales, dates being 1st and 14th February 2023 and 15th and 16th March 2023 adding that the administration were aware of the difficulties this would cause families across Monmouthshire, and the disruption to learners.

Through the current budget MCC afforded funding equivalent to 3% of teachers costs to meet the expected teacher pay award. The Independent Welsh Pay Review Body determined a pay award of 5% which was agreed by the Minister in November 2022. That remaining 2% was met by schools, from their reserves.

The new draft budget proposes to cover the remaining cost of the 5% award from April to August 2024, and a modelled assumption for 2023-24 of 3.5%.

He added that teachers were not required to disclose their trade union membership, or whether they would be participating in forthcoming industrial action. MCC await WG guidance on the proposed industrial action and will move forward inline with the guidance. It was hoped that the dispute could be resolved as quickly as possible so that any further disruption to education is minimised.

5. Council Reports:

6. REPORT OF THE PEOPLE SCRUTINY COMMITTEE: CALL-IN OF TUDOR STREET DAY CENTRE

The Chair of People Scrutiny Committee presented the report in order to refer the Individual Cabinet Member Decision taken on 30th November 2022 on Tudor Street Day Centre to full Council, as the formal outcome of the calling in of the decision and the subsequent scrutiny undertaken by the People Scrutiny Committee at the Special Meeting held on 3rd January 2023. The report sought to provide Council with an overview of the public contributions to the scrutiny process via the Public Open Forum, prior to presentation of the Call-in and the subsequent debate by the committee held on 3rd January 2023.

The Chair read questions submitted by members of the public:

Can the Council give an assurance that the Tudor Street building in question will be reopened to provide a service for adults with learning disabilities unless and until alternative provision is made which is considered to be acceptable by service users?

My Day My Life has been open for decades you are letting the people of Abergavenny down. Abergavenny won't have its original creations, like they did. Where is the next landmark of disabled friendly place, as I don't see one in Abergavenny?

The admission by Councillors Tudor Thomas and Sarah Burch at the Scrutiny Committee on 3rd January that the WC facilities for people with severe disabilities in Abergavenny are completely inadequate is just one reason why a service "in the community" will not work for everyone. Given that people with a wide range of complex care needs and their families have been without a much valued service for more than 2 years, surely the Tudor Street Centre should be reopened without delay for a minimum of three days a week while the review and wider deliberations continue?

Can you outline the specific ways in which learning disabled people have been informed about and engaged with directly up to this point please? Can you outline the ways in which you will do this in the future?

Why they chose to get rid of a building before asking people in reviews if they wanted to still use it? The scrutiny committee agreed that this should have gone to full committee, not be one man's decision, and our petition to save the centre has reached over 900 signatures. Surely that shows what this place means to the community and from these statistics it's clear Tudor Street Centre needs to stay. People want this hub. When Tudor Thomas said the number of people using Tudor Street had decreased, I think this is inaccurate. In 2014 I was still working there, and I worked with a lot of service users then. Also, Adults with complex disabilities had been moved from Coed Glas to use Tudor Street and now they have nothing. This isn't acceptable. These people need somewhere safe and warm to spend their day within our community.

Why were vulnerable people not supported during the pandemic and since coming out of lockdown not been allowed back to Tudor Street? Adults with learning difficulties and mental health problems should be supported. That Hub is the perfect place to have to develop activities and social interaction with people in a safe environment. It has disability access, and disabled toilet facilities. Vulnerable people should have a choice to spend their day in and out of the community. There needs to be somewhere vulnerable people can go when it's raining to spend time with their friends.

What other facilities in the area of Abergavenny have everything that is required for disabled people to use.

To enable people with severe disabilities to be out in the community rather than at the Tudor Street site, community locations will need to offer specialist toilet facilities. These would feature not only accessible toilets, but also adult-sized changing benches, hoists, curtains, and space for carers. Is the Council confident that sufficient toilet facilities of this type will be built around the community? Otherwise, despite best intentions, service users who could previously attend the Tudor Street site may not be able to leave home.

County Councillor Tudor Thomas, the Cabinet Member for Social Care, Safeguarding and Accessible Health Services was grateful to those in attendance and was pleased to hear their views. He went on to explain that the closure of the centre was part of a wider review of facilities. The review commenced in October 2022 and was due to close in March 2023, at which point a report would be taken to Scrutiny Committee for consideration, after which it would be taken as a full Cabinet decision.

The following points were highlighted in response to the questions raised:

- The current My Day My Life review will make recommendations for the future of the service including the buildings. It was not possible to commit to the reopening until the review is published.

- My Day My Life came into being in 2014 and the ethos of My Day My Life is to be fully involved in communities, and not only about accessible buildings.
- The centre had been limited to 3 days per week, since March 2020, and support in the community has been provided through a number of different activities.
- It was accepted that there were no other changing facilities other than the Leisure Centre and that should be looked into.
- The review would cover a number of buildings.
- Tudor Street Centre has a tracked hoist which could be transferred to another location.

Members of the public were invited to ask supplementary questions which highlighted the ongoing concerns of the service users, and their families.

People were assured that there is no development or planning in place, and nothing would be considered until the review had been published and been considered at Scrutiny and Cabinet.

We heard that the building is not in a good enough conditioned to be re-opened and would have to be recommissioned.

In response to a comment around the lack of easy read documents it was confirmed that the review outcome would be published in an easy read version and a conversation could be had with Practice Solutions around other easy read material.

The Chair reminded the chamber that the matter would come back for future scrutiny and invited Members to comment.

- There was disappointment regarding the decision process, and it was not considered an appropriate decision for a single Cabinet Member.
- My Day My Life is about empowering people, and this process has had the opposite effect.
- The decision was undemocratic and immoral and could be open to legal challenge.
- Clarification was sought around the wording in the review regarding service users.
- There was disappointment that the facility had been earmarked for closure.
- Members need to see a full and detailed review.
- It was important to take accessible public transport into consideration when making the decision.
- Families of service users had expressed their disappointment to Members which was expressed in the Chamber.
- Was the review just a paper exercise given that the decision had been made before the review was completed?
- Why had there not been a quicker decision to why the centre had nor re-opened?
- There was still a need to provide a central, safe, and fully accessible and equipped venue to support people with complex needs in North Monmouthshire and as per the request from users, Tudor Street should be reopened and operational whilst due process takes place.
- A lack of pre-decision scrutiny.
- A weak integrated (Equalities and Future Generations) assessment which failed to highlight all the potential disproportionate negative impacts on people with complex physical and or learning disabilities and users with mental health issues. Disability is a protected characteristic under the equalities act 2010.
- There had been no formal and comprehensive engagement and consultation on the specific matter of Tudor Street Hub.
- Service users should be fully involved in developing and shaping the future service offer.

County Councillor Mary Ann Brocklesby, Leader of the Council thanked the public in attendance for their contributions. She apologised and admitted that they had got the process wrong. She added that the call-in process had shown how democracy should work and how all comments should form part of the review. County Councillor Brocklesby stated that no action would be taken, and no proposals would be looked at until the review is complete, published and debated, and current and future needs were addressed.

County Councillor Tudor Thomas joined the Leader in apologising and regretted the decision being taken ahead of the review.

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

That Council considers the discussion held at the People Scrutiny Committee and refers the decision to Cabinet for reconsideration.

7. COMMUNITY AND CORPORATE PLAN

The Leader, County Councillor Mary Ann Brocklesby presented the report to seek approval of a new Community and Corporate Plan that sets the direction for the Council and County of Monmouthshire, articulating the authority's purpose and priorities alongside the steps we will take to deliver these, the accountable Cabinet member and the measures that will be used to track progress.

Seconded by County Councillor Ben Callard who added that focus on active travel, walking and cycling, would be a great help in his ward of Llanfoist & Govilon.

The Leader of the Opposition welcomed the revised document considering it heading in the right direction but still lacking substance. He commended the section on supporting people from Ukraine and was proud of the significant contribution that Monmouthshire has made. County Councillor John highlighted many areas of concern within the plan.

County Councillor Catherine Fookes, Cabinet Member for Equalities and Engagement commended the plan stating that many of the actions will support reducing inequality.

There was frustration around a lack of information on the education workforce and the lack of vision on early years provision.

There was disappointment around the lack of tangible actions in the Severnside area.

It was thought that too much detail could be off-putting, but a simple mention of places would cover anomalies and residents may then feel included.

Upon being put to a recorded vote Council resolved to refuse the recommendations:

That Council approve the Community and Corporate Plan.

That Council adopt the six goals in the plan as the Council's Well-being Objectives in accordance with the requirements of the Well-being of Future Generations Act.

That Council receive the provisional measures and targets which feature as an appendix to the Community and Corporate Plan and agree that any changes to them, required as a result of the approval of the 2023-24 budget, will be made available to members in the first quarter for 2023-24.

8. DIARY OF MEETINGS FOR 2023/24

The Cabinet Member for Equalities and Engagement, County Councillor Angela Sandles presented the report for Council to approve the diary of meetings for 2023/2024.

Members were urged to respond to a survey issued through Democratic Services Committee.

Suggestion was made that the date of Full Council for budget approval in 2024 be amended and brought forward.

It was noted that Performance and Overview Scrutiny meetings would be held on Tuesdays, and the diary would be amended.

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

That the diary of meetings for 2023/2024 be approved.

9. SUSTAINABLE COMMUNITIES FOR LEARNING PROGRAMME - ABERGAVENNY 3-19 SCHOOL NAME

County Councillor Martyn Groucutt, the Cabinet Member for Education presented the report to allow Council to agree the name of the new 3-19 School in Abergavenny currently under construction on the King Henry VIII School Site.

Upon being put to a vote Council resolved to accept the recommendation that the school be named King Henry VIII 3-19 School

10. APPOINTMENTS

The Cabinet Member for Equalities and Engagement, County Councillor Angela Sandles presented the report to seek Council ratification or appointment for Council Committees, roles and external bodies.

County Councillor Ian Chandler was honoured and delighted to be nominated and shared personal experiences with Council.

County Councillor Tomos Davies left the meeting at 18:49pm
County Councillor Tony Easson left the meeting at 19:18pm

There were comments around equality with regards to representation of all protected groups.

There was concern that due process had not been undertaken and that nominations should have been called for through all groups.

The appointment was thought to be inclusive and any need for champions in other areas could be addressed in the future.

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

Councillors Armand Watts and Penny Jones be appointed to the regional scrutiny function for the Gwent Public Service Board (PSB)

Councillor Ian Chandler be ratified as the MCC LGBTQI+ Champion

Mr Richard Stow be appointed to serve for a further 4-year term as an Independent Member of the MCC Standards Committee

Mr Rhodri Guest is appointed to the MCC Governance and Audit Committee.

11. COUNCIL TAX REDUCTION SCHEME 2023/24

County Councillor Rachel Garrick, Cabinet Member for Resources presented the report to inform of the arrangements for the implementation of the Council Tax Reduction Scheme and to gain approval for 2023/24. Council were asked to agree to adopt the amendments to the Regulations, proposed by Welsh Government, as detailed in point 3.7, and to affirm that annual uprating amendments will be carried out each year without a requirement to adopt the whole Council Tax Reduction Scheme.

The Cabinet Member reminded Council that if the CTRS was not approved a default scheme would be imposed upon the Council under WG regulations.

With regards to advising residents on the eligibility criteria for financial benefits, information would be sought and disseminated to Members following the meeting.

It was confirmed that concessionary rates for those hosting Ukrainian families have been included in the Council Tax calculations.

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

To note the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") 2013 by the Welsh Government on 26 November 2013.

To adopt the provisions within the Regulations above ("the Prescribed Requirements Regulations") and any 'annual uprating regulations' in respect of its Scheme for the financial year 2023/24 including the discretionary elements previously approved as the Council's local scheme from 1st April 2022.

12. Members Questions:

13. From County Councillor Ian Chandler to County Councillor Paul Griffiths, Cabinet Member for a Sustainable Economy

An MCC report to the Place Scrutiny Committee in November stated that Llantilio Crossenny ward is in the worst 10% of areas in the whole of the UK when it comes to many measures of broadband connectivity. Over 12% of its households are unable to get any decent broadband (compared with 0.3% for the UK, 0.8% for Wales and 2.5% for Monmouthshire). Less than half of households are able to get Superfast Broadband (over 30Mbs) compared with 76.3% for Wales overall. Only 15% are able to get the latest gigabit connectivity, even though the UK Government has a target for gigabit broadband to be available across the UK by 2030, with 85% coverage by 2025.

Lack of access to decent broadband has a serious detrimental effect on farms, tourist accommodation and other rural businesses, as well as limiting opportunities for rural residents to work from home. Our rural economy and community life are suffering as a result.

As Broadband Connectivity is part of his cabinet portfolio, what actions will Cllr Griffiths take (and when will he take them) to ensure that all residents and businesses in Llantilio Crossenny ward are able to access Superfast and Gigabit speed broadband as soon as possible?

The Cabinet Member thanked Councillor Chandler for the question and explained that a report had gone to Place Scrutiny Committee recently which provided evidence that much has improved in Monmouthshire in recent years. This being a result of the hard work of officers and the fact that this is a shared priority with the current and former administrations.

Most recent data indicate that about 80% of premises do not have broadband of 30 megabytes, and this is half the figure of 2019 and leads to us comparing well to the rest of Wales. It was understood that this would be of no consolation to those who remain poorly connected.

When Ward Members, working with their residents, identify gaps, this should be communicated to officers, allowing liaison with providers to seek better connections.

Standards and technology are changing, and the Cabinet Member thanked Councillor Chandler for joining him in a meeting with Broadway, who are expanding their provision in rural Monmouthshire through the provision of fibre to the door. Broadway were confident that they could reach the most isolated premises, but we will need to test this in practice.

As a supplementary Councillor Chandler asked for a commitment that there would be close scrutiny of the rollout, particularly in the rural areas where commercial solutions are not viable, and to ensure residents in his ward of Llantilio Crossenny, and all rural parts of the County do not lose out and become disconnected.

The Cabinet Member responded that the provider is ambitious and giving positive projections but relies on every Member to find evidence of where it is and is not working.

14. <u>From County Councillor Emma Bryn to County Councillor Catrin Maby, Cabinet Member for Climate Change and the Environment</u>

I am speaking on behalf of the residents of Wyesham ward who rely heavily on the Wye Bridge in order to access the world beyond, regardless on their mode of travel. Residents have had to face a seriously degraded road surface on the bridge for a prolonged period, with quick fixes lasting little time, the soft tarmac quickly getting thrust onto the pavements causing issues for pedestrians, cyclists, and drivers alike.

I understand works to improve the bridge are underway but we are seeking assurances that improvements will take place in the next financial year, and I am looking to you to give the community some peace of mind by providing us with a time-scale for these works.

The Cabinet Member thanked Councillor Bryn for raising the important issue and highlighted the progression of the plans for the new active travel bridge across the River Wye, and a planning application has now been submitted. Subject to gaining consent and funding it was hoped that construction would commence in 2024/25. This important improvement to active travel in Monmouth does not detract from the need to ensure the old Wye Bridge is fit for use. Following discussions with officers it was understood that the condition of the highway over the bridge had been a long standing concern to the Council but the improvement works had been on hold pending repairs to the structure of the railway arches and main utility pipes. These works are now complete and preparations to resurface the highway are being made. Temporary works in the last year were made to maintain safety while the resurfacing programme was scheduled and designed.

The Highway team are now in the process of preparing the contract for works to sample test the existing road-based material to assist with the design and specification for the refurbishment works. When completed, engineers will invite tenders for the work with an expected start date in Summer 2023. The works will be disruptive, and it may be necessary to close the road for a short period of time.

As a supplementary Councillor Bryn asked to be kept up to date with any developments or changes to the timetable.

15. <u>From County Councillor Fay Bromfield to County Councillor Martyn Groucutt, Cabinet Member for Education:</u>

Would the Cabinet Member explain why the review of primary school catchment areas promised for Autumn 2022 has not yet begun?

The Cabinet Member thanked Councillor Bromfield and explained that the last term had been a congested period of time for the admissions team with key pieces of existing work regarding the expansion of Welsh medium provision and the developments in the Caldicot area. He explained that he was aware of the need to review the primary catchment areas, reasons being the anomalies that exist in the current catchment areas, and the potential emergence of new considerations due to the RLDP.

Officers will be carrying out a full review of existing primary school catchment areas which will include the school areas for Tredunnock, Llanhennock, Llansoar and Llangybi. The Schools Admissions Code states that all local authorities must consult on their admissions arrangements between 1st September and 1st March and must be set by 15th April. Consultation on the 2024-25 admission arrangements have begun. The review of primary school catchment areas will not be able to take place until after 1st September 2023 for the 2025-26 academic year.

Issues in Llandenny village have been identified as an area needing urgent attention and consultation on proposed changes have begun within this boundary.

A timeline for the review has been developed and it was hoped that Members would engage with officers in that process:

- Meetings with local Members – June/July 2023
- Report to Cabinet seeking approval to consult on proposed changes – September 2023
- Consultation – October/November 2023

- Report to Cabinet with the results – January 2024
- Admission arrangements to be determined – by April 2024
- Consultees to be notified in writing by end of April 2024
- Changes implemented from 1st September 2025

16. From County Councillor Louise Brown to County Councillor Paul Griffiths, Deputy Leader and Cabinet Member for a Sustainable Economy

Would the Deputy Leader give a commitment to prioritise investment in key infrastructure in the Chepstow area in advance of delivery of the RLDP, including improvements to the Highbeech roundabout and M48, active travel schemes and a Chepstow bypass?

The Cabinet Member responded that the Transport Deputy Minister had been contacted to ask for a further study on Highbeech Roundabout. At the end of the month there would be a meeting with the Minister for Climate Change at which point the question would be raised again.

With regards to the connection to the M48, the Cabinet Member considered it essential to development plans for the south of the county. The Deputy Minister had said that it would be considered only in light of the conclusions of the roads review. The Cabinet Member wants this to be a part of our transport plan and would continue to raise its importance at every opportunity with WG.

The Chepstow Bypass is an unchanged objective of the Council and is primarily a matter for UK Government. The matter had been raised in a meeting with the Leader of Gloucestershire County Council, and a meeting with the Secretary of State for Wales, and a letter had been written to the Secretary of State for Transport. There has been no indication of any timescales for either a decision or an action.

As a supplementary County Councillor Brown asked that all correspondence between Council and Welsh Ministers are included within the publicly available evidence for the RLDP. The Cabinet Member agreed to do so.

17. Next Meeting 9th March 2023

Noted.

The meeting ended at 8.10 pm

monmouthshire county council sir fynwy

Subject:	**COUNCIL TAX PREMIUMS FOR LONG TERM EMPTY PROPERTIES AND SECOND HOMES**
Meeting:	**Council**
Date:	**9th March 2023**
Divisions/Wards Affected: All	

1. PURPOSE:

1.1 The purpose of this report is to:

- Consider the consultation responses regarding council tax premiums on long term empty properties and second homes.

- Consider the resulting proposals to introduce council tax premiums on long term empty properties and second homes from 1st April 2024.

2. RECOMMENDATIONS:

2.1 To note the consultation responses received as detailed in this report.

2.2 That the Council use its discretionary powers to introduce a council tax premium for long term empty properties on a sliding scale from 100% to 300% effective from 1st April 2024. With a 100% premium applying to properties empty for 1 year, a 200% premium to properties empty for 2 years and a 300% premium to properties empty for 3 years or more.

2.3 That the Council use its discretionary powers to introduce a council tax premium for second homes of 100% from 1st April 2024 and will give further consideration to the impact on the local economy before utilising that power.

2.4 That Council note the feedback received from the Performance and Overview Scrutiny Committee detailed in section 13 and agree to the substantive points raised, as part of the wider preparation for the introduction of the council tax premiums.

3. KEY ISSUES:

3.1 Background

3.1 Since 1st April 2017, under the Housing (Wales) Act 2014, Councils have discretionary powers to charge a premium of up to 100% (rising to 300% from 1st April 2023) on long term empty properties and second homes.

3.2 The decision to charge a council tax premium on either a long-term empty property, second home or both is a decision for each Council to make. Councils can set different levels of premium for each class.

3.3 For second homes, the legislation and guidance require Councils to make their first determination at least one year before the beginning of the financial year to which the premium relates. It is also considered good practice to give rate payers of long-term empty properties 12 months' notice of a first determination to apply a premium. Therefore, a decision to charge a council tax premium will need to be made before 1st April 2023 and will be effective from 1st April 2024.

3.4 There is also a requirement that where a Council determines to charge a premium, a notice is published in the local paper within 21 days of a decision.

3.5 Councils are expected to consult ahead of deciding to charge a council tax premium. Any decision to charge a premium must be made by Full Council (under Section 12A and 12B of the Local Government Finance Act 1992 as inserted by Section 139 Housing (Wales) Act 2014) following a period of engagement and consultation with key stakeholders. Cabinet decided on 18th January 2023 to undertake a consultation exercise to seek views on introducing a council tax premium on both long term empty properties and second homes in the county. Results of the consultation can be found in section 7 below and Appendices Three to Five. The consultation responses have been considered by Cabinet and used to determine next steps. The consultation responses and final proposals were considered by the Performance and Overview Scrutiny Committee on 27th February 2023.

4. Long term empty properties

4.1 A long term empty property is defined as a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at least one year.

4.2 In determining whether a dwelling has been empty for one year, no account is to be taken of any period before 1st April 2016. In addition, the furnishing or occupation of a dwelling for one or more periods of six weeks or less during the year will not affect its status as a long-term empty dwelling. In other words, a person cannot alter a dwellings status as a long-term empty dwelling by taking up residence or installing furniture for a short period.

4.3 The regulations identify seven classes of dwellings that are exempt from the premium. These include dwellings marketed for let or sale, annexes and seasonal homes. A full list can be found on page 7 of the accompanying guidance in Appendix One.

4.4 There are currently circa 400 properties listed on our council tax system as a long-term empty property. We will however check and verify the status of each property ahead of billing for any premium to ensure premiums are applied fairly and correctly.

5. Second Homes

5.1 A second home is determined as a dwelling which is not a person's sole or main home and is substantially furnished. These dwellings are referred to in the Local Government Finance Act (LGFA) 1992 as dwellings occupied periodically but they are commonly referred to as "second homes".

5.2 There are currently circa 190 properties listed on our council tax system as a second home. As above, we will have to check and verify the status of each property ahead of billing for any premium.

6. Housing Context

6.1 The discretion given to councils to charge a premium is intended to be a tool to:

- help bring long term empty properties back into use to provide safe, secure and affordable homes
- support councils in increasing the supply of affordable housing and enhancing the sustainability of local communities

6.2 The council's draft Community and Corporate plan identifies some specific issues that the County is facing particularly in respect to house prices, an increasing demand for affordable housing and the use of temporary accommodation. Any additional revenue generated from council tax premiums could be utilised to help address some of these issues in future.

7. Results of the Consultation

7.1 The consultation ran for a period of four weeks, closing on 16th February 2023. A copy of the consultation questions can be found in Appendix Two.

7.2 The consultation was open to anyone who wished to share their views. A letter was also sent to properties currently identified on our database as being either a long term empty property or a second home drawing attention to the consultation and encouraging people to respond.

7.3 The consultation received 320 responses. The majority of responses 240, were from residents of the county, 58 were as an owner of a second home, 29 as an owner of a long term empty property and 20 others, e.g. employees of the council, relatives, visitors to the area. (N.b. respondents could select more than one category for this answer).

7.4 Of the responses, 63% were in favour of introducing a council tax premium for long term empty properties and 54% were in favour of introducing a council tax premium for second homes in the county.

7.5 Opinion was more divided over the level of premium to apply. Although in both cases the most favoured premium was 300% (long term empty properties, 42% and second homes, 44%)

7.6 There was a varied mix of responses to the consultation. Full details of the responses can be found in Appendices Three, Four & Five. In general, those in support of a premium for long term empty properties thought this was a good idea and should help to bring homes back into use. Those who disagreed with the premium suggested that there may be valid reasons for a property to be empty and that owners were already paying full council tax. For second homes the general response in favour of a premium was if someone can afford a second home then they can afford to pay more council tax. For those who responded no, responses touched on the relatively small number of second homes in the county and the potential impact the premium may have on the tourism sector in the county.

8. OPTIONS APPRAISAL

8.1 Following the consultation, the following options were considered:

1. Do nothing, determine not to introduce a premium for either long term empty properties or second homes resulting in council taxpayers continuing to be charged full council tax on these properties.

2. Apply additional council tax charges (by way of a council tax premium) according to the popular outcome of the consultation.

3. Apply council tax charges (by way of a council tax premium) in a way that considers the potential impact on the tourism economy in the county, according to a frequently occurring argument within the consultation.

8.2 The results of the consultation, indicate that in both cases the majority of respondents were in favour of the introduction of a council tax premium on both long term empty properties and second homes.

8.3 The following options were selected:

1. Introduce a Council Tax premium for empty homes of 300% on a sliding scale. A charge of 100% shall be applied for properties empty for one year and shall rise to 200% for properties empty for two years and rise further to 300% for properties empty for three years or more. Upon introduction of the system in April 2024, the scale will be applied immediately. Charges will be incurred on the sliding scale according to the length of time properties have been registered as empty.

2. Apply a Council Tax premium for second homes of 100% from April 2024. However Cabinet have indicated that they intend to review this decision ahead of implementing these premiums if it is felt that this could adversely affect the tourism industry in Monmouthshire.

9. EVALUATION CRITERIA

- Review against Welsh Government Guidance
- Comparison to other Councils in Wales currently charging a premium
- Potential future budget requirements
- The impact and effect of these premiums will be monitored (especially the potential impact on the tourism economy). A report will be brought back to this committee in 2025/26 to reflect on the first year of implementation.

10. REASONS

10.1 To note the responses received to the public consultation exercise about the introduction of a charge for council tax premiums for long term empty properties and second homes in the county.

11. RESOURCE IMPLICATIONS

11.1 The amount of additional revenue generated from the proposal will depend on the number of properties (as noted above a full housekeeping exercise is required to determine exact numbers).

11.2 Current modelling, estimates that for:

- **long term empty properties**: the proposed council tax premium will generate estimated revenue of up to £1.6m. The exact amount will depend on the actual number of empty properties recorded. Work will be undertaken throughout 2023 to update records held and to notify taxpayers of these charges.

- **second homes**: the proposed council tax premium will generate estimated revenue of up to £365,000. As above, the exact amount will depend on the actual number of eligible properties, which will be determined following a full review through 2023.

11.3 The full budget impact will be determined following a review of the property data held and an assessment of any additional resources and costs (e.g. system developer costs) required to administer the premium. The additional net revenue generated will be included in the Medium Term Financial Plan for 2024/25 onwards.

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

12.1 An Equality Impact Assessment has been completed in respect of the proposal and concluded that there are no issues which would prevent the Council from implementing these premiums. See Appendix Six for full details.

12.2 As noted in paragraph 6.2, the introduction of council tax premiums will help to address some of the housing issues the county faces and in doing so contributes to the delivery of Corporate Plan priorities and well-being goals as set out in the Well-being of Future Generations Act.

13. CONSULTEES:

- Cabinet
- Strategic Leadership Team
- Chief Officer for Resources
- Head of Finance
- Performance and Overview Scrutiny Committee considered the consultation responses at their meeting of 27th February 2023 and raised the following substantive points for consideration:

    - a discretionary policy be considered to assist property owners in exceptional circumstances not covered specifically by the guidance, where a council tax premium may be due.
    - consideration be made of the establishment of an appeals process
    - website information (to be prepared following any decision) that signposts property owners to any help the Council can offer to bring properties back into full time use.

  If the above amendments are agreed by Council, these will need to be developed over the next 12 months, ahead of any introduction of council tax premiums in April 2024. Members will be party to any future decisions required as part of this process, as appropriate.

14. BACKGROUND PAPERS:

Appendix One: Guidance on the implementation of Council Tax Premiums in Wales

Appendix Two: Consultation questions.

Appendix Three: Consultation responses

Appendix Four: Long Term Empty property comments

Appendix Five: Second Home comments

Appendix Six: Future Generations Impact Assessment

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Llywodraeth Cymru
Welsh Government

www.gov.wales

Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales

January 2016

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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Contents

Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales

Introduction

1. From 1 April 2017, local authorities will be able to charge a premium of up to 100% of the standard rate of council tax on long-term empty homes and second homes in their areas. The legislative changes were made by the Housing (Wales) Act 2014 and the powers given to local authorities are discretionary. Whether to charge a premium on long-term empty homes or second homes (or both) is, therefore, a decision to be made by each local authority.

2. The purpose of this guidance is to assist local authorities in their decision whether or not to charge a premium in their area.

3. This guidance has been produced to ensure that there is a fair and consistent implementation of the premiums and their exceptions across Wales.

4. The guidance is statutory and is issued under powers in sections 12A (3) and 12B (4) of the Local Government Finance Act 1992 (“the 1992 Act”) as inserted by the Housing (Wales) Act 2014 (“the 2014 Act”). It applies to all local authorities in Wales.

5. This guidance should not be treated as an interpretation of the legislation. The interpretation of legislation is in the first instance a matter for the local authority, with definitive interpretation the responsibility of the courts.

Legal Framework for the Council Tax Premiums

6. Paragraphs 7 - 14 set out the legal framework which is common to both the premium on long-term empty homes and the premium on second homes. Requirements which are specific to long-term empty homes are set out in paragraphs 15 - 17, and those which are specific to second homes are detailed in paragraphs 18 - 19.

7. The 2014 Act amends the 1992 Act by inserting new sections 12A and 12B to enable a billing authority (a county council or county borough council) in Wales to disapply any discount granted to long-term empty dwellings and dwellings occupied periodically and apply a higher amount of council tax (a premium).

8. Local authorities have discretion to decide on the amount of the premium up to a maximum of 100% of the standard rate of council tax that applies to the dwelling.

9. Where a determination to charge a premium is made, a local authority must publish a notice of the determination in at least one newspaper circulating in its area within 21 days of the date of the determination.

10. A determination by a billing authority to charge a premium will also disapply any discount that is granted under section 11(2)(a) of the 1992 Act for dwellings in which there are no residents.

11. A billing authority can make, vary or revoke a determination made under sections 12A and 12B of the 1992 Act, but only before the beginning of the financial year to which the determination applies.

12. The Welsh Ministers also have powers under section 12A(4) and 12A(5), and 12B(5) and 12B(6) of the 1992 Act to prescribe through regulations certain classes of dwelling which may not be subject to a premium. The Council Tax (Exceptions to Higher Amounts Wales) Regulations 2015 have been made under these powers and the exceptions they prescribe are detailed later in this guidance.

13. The council tax system already provides a number of specific exemptions from council tax. The exempt groups are set out in the Council Tax (Exempt Dwellings) Order 1992. There are a number of exemptions in place for unoccupied dwellings, such as, for example:

- where the resident is in long-term residential care or hospital,
- where a dwelling is being structurally repaired (for up to one year),
- where the resident has died (for up to six months after grant of probate or letters of administration).

14. A dwelling that is exempt from council tax is not liable for a premium. However, where a dwelling becomes no longer eligible for an exemption, but remains unoccupied, it will become liable for the premium. In the case of an empty home, it will be liable for a premium after it has been empty for a continuous period of one year.

<u>Section 12A: Higher amount for long-term empty dwellings</u>

15. A long-term empty dwelling is defined as a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at least one year.

16. In determining whether a dwelling has been empty for one year, no account is to be taken of any period before 1 April 2016. In addition, the furnishing or occupation of a dwelling for one or more periods of six weeks or less during the year will not affect its status as a long-term empty dwelling. In other words, a person cannot alter a dwelling’s status as a long-term empty dwelling by taking up residence or installing furniture for a short period.

17. Where a local authority makes a determination to charge a premium on long-term empty dwellings, it may specify different percentages (up to a maximum of 100 per cent) for different dwellings based on the length of time for which they have been empty. This will enable local authorities to take a stepped approach with incremental increases applying over time.

<u>Section 12B: Higher amount for second homes</u>

18. A second home is defined as a dwelling which is not a person's sole or main home and is substantially furnished. These dwellings are referred to in the 1992 Act as dwellings occupied periodically but they are commonly referred to as "second homes".

19. In order for a premium to apply to dwellings occupied periodically, a billing authority must make its first determination under section 12B at least one year before the beginning of the financial year to which the premium relates. This means that in order to charge a premium from 1 April 2017, a billing authority must make a determination before 1 April 2016. A determination to charge a premium in 2018 must be made before 1 April 2017 and so on.

Making a Determination to charge the Council Tax Premiums on Long-term Empty Homes and Second Homes

20. The discretion given to local authorities to charge a premium is intended to be a tool to help local authorities to:

    - bring long-term empty homes back into use to provide safe, secure and affordable homes; and
    - support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

21. In considering whether or not to charge a premium, regard should be given to these aims. Authorities should take into account the particular housing need and circumstances in their area.

22. There are a range of factors which could help inform local authorities in deciding whether to charge a premium. Whilst some factors will be specific to either long-term empty homes or second homes, others will be common to both. A list of these factors is set out below to assist local authorities. It is not intended to be exhaustive.

    - Numbers and percentages of long-term empty homes or second homes in the area;
    - Distribution of long-term empty homes or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas;
    - Potential impact on local economies and the tourism industry;
    - Patterns of demand for, and availability of, affordable homes;

- Potential impact on local public services;
- Potential impact on the local community;
- Other measures that are available to authorities to increase housing supply;
- Other measures that are available to authorities to help bring empty properties back into use.

23. The determination by a local authority to charge a premium under section 12A or 12B of the 1992 Act must be made by full Council. Prior to doing so, a local authority must give due consideration to its statutory duties to carry out equality impact assessments under the Equality Act 2010 and the Welsh Public Sector Equality Duties 2011 and to all other relevant considerations. A local authority should also give consideration to engagement and consultation with key stakeholders, including the local electorate, before taking a decision as to whether or not to charge one or both of the premiums.

24. Having made a determination to charge a premium, in addition to the requirement to publish a notice in a local newspaper within 21 days, a local authority should give consideration to how its decision is communicated more widely, particularly to those who might be affected. This may be through the publication of press notices, providing information on website pages or other avenues to raise awareness such as, for example, direct communication with council taxpayers who are likely to be liable for the premium. A local authority may also wish to give consideration to how they advise or inform those who may be affected but who normally reside outside the local area.

Exceptions to the Council Tax Premiums on Long-Term Empty Homes and Second Homes

25. Sections 12A and 12B of the 1992 Act provide Welsh Ministers with powers to make regulations to prescribe one or more classes of dwellings in relation to which a billing authority may not make a determination to apply a premium. The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 are made under these powers – a premium may not be charged on a dwelling that falls within an exception. A local authority must have regard to these exceptions before deciding to implement a premium.

26. The regulations prescribe seven classes of exempt dwellings. Classes 1, 2, 3 and 4 apply to both long-term empty homes and second homes. Classes 5, 6, and 7 only apply to second homes. The classes of dwelling are outlined in the table below and are detailed further in paragraphs 28 - 46.

Classes of Dwellings	Definition	Application
Class 1	Dwellings being marketed for sale – time-limited for one year	Long-Term Empty Homes and Second Homes
Class 2	Dwellings being marketed for let – time-limited for one year	
Class 3	Annexes forming part of, or being treated as part of, the main dwelling	
Class 4	Dwellings which would be someone’s sole or main residence if they were not residing in armed forces accommodation	
Class 5	Occupied caravan pitches and boat moorings	Second Homes
Class 6	Seasonal homes where year-round occupation is prohibited	
Class 7	Job-related dwellings	

27. Each exception is described further in the next section. Additional guidance will be provided in relation to assist local authorities in the application of the exceptions for:

- dwellings being marketed for sale;
- dwellings being marketed for let; and
- job-related dwellings.

<u>Class 1: Exception for dwellings being marketed for sale</u>

28. This exception applies to both the premium on long-term empty homes and the premium on second homes. It excepts dwellings that are being marketed for sale. It also covers dwellings where an offer to buy the dwelling has been accepted but the sale has not yet been completed.

29. In order to qualify for this exception a dwelling must be on the market for sale at a reasonable price. In considering whether a price is reasonable, regard should be given to the sale price of comparable dwellings in the area. Additional guidance will be provided to assist local authorities in the application of this exception.

30. The exception period runs for up to one year from the granting of the exception. After an exception has ended, a dwelling being marketed for sale will not be eligible for a further exception period unless it has been sold.

Class 2: Exception for dwellings being marketed for let

31. This exception applies to both the premium on long-term empty homes and the premium on second homes. It excepts dwellings that are being marketed for let. It also covers dwellings where an offer to rent has been accepted but the tenant is not yet entitled to occupy the property because the tenancy has not yet started.

32. In order to be eligible for this exception, a dwelling must be on the market for let at a reasonable rent, that is, the rent the property would be expected to fetch having regard to the rent raised on comparable dwellings. Additional guidance will be provided to assist local authorities in the application of this exception

33. The exception period runs for up to one year from the granting of the exception. After the end of the exception period, a dwelling being marketed for let will not be eligible for a further exception period unless it has been subject to a tenancy that was granted for a term or six months or more.

Class 3: Exception for Annexes forming part of, or being treated as part of, the main dwelling

34. This exception applies to both the long-term empty homes premium and to the second homes premium.

35. This exception applies where an owner has adapted their dwelling to provide an annexe and the annexe is now being used as part of the main dwelling.

Class 4: Exception for Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation

36. This exception applies to both the long-term empty homes premium and to the second homes premium.

37. This exception applies to dwellings that would be a person's sole or main residence but which is unoccupied because that person resides in armed forces accommodation.

38. This exception is also intended to cover armed forces personnel whose homes are unoccupied because they are living in armed forces accommodation overseas.

Class 5: Exception for Occupied caravan pitches and boat moorings

39. This exception applies to the second homes premium. It covers dwellings that consist of a pitch occupied by a caravan or a mooring occupied by a boat where the boat or caravan currently has no resident, but when next in use will be a person's sole or main residence.

Class 6: Exception for Seasonal homes where year-round occupation is prohibited

40. This exception applies to the second homes premium. It is applicable to dwellings that are subject to planning conditions that prevent occupancy for a continuous period of at least 28 days in any 12-month period.

41. This exception is intended to cover purpose-built holiday homes or chalets which are subject to planning conditions restricting year-round occupancy. The exception is based on the definition of the existing discretionary discount for seasonal homes (Class A) in The Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998[1].

Class 7: Exception for job-related dwellings

42. This exception applies only in relation to the second homes premium and applies to dwellings occupied by a person who is:

- a qualifying person in relation to the dwelling, but who is resident in another dwelling which is job-related (as defined in Schedule 1 to the Regulations); or

- a qualifying person in relation to a job-related dwelling.

43. A qualifying person is defined as:

- a person who is liable for council tax in respect of a dwelling on a particular day, whether or not jointly with another person; and

- a person who would be liable for the council tax in respect of a dwelling on a particular day, whether or not jointly with another person if that dwelling did not fall within:

  i. Class O of the Council Tax (Exempt Dwellings) Order 1992; or
  ii. Class E of the Council Tax (Liability for Owners) Regulations 1992.

44. This exception applies where a person is required to reside in a job-related dwelling. It applies to a second home that is occupied periodically because a person is required to live in job-related accommodation elsewhere. It also applies where the job-related accommodation is a person's second home.

45. The definition of a job-related dwelling is given in the Schedule to the Regulations. Although this exception is similar to the job-related discount under the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998, it differs because the discount only applies if the job-related dwelling is a person's sole or main residence.

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[1] SI 1998 No 105

46. Another difference from the job-related dwelling discount is that there is no requirement for the taxpayer to be liable for council tax in respect of two dwellings, meaning that a person who has either a main home abroad or a job-related dwelling abroad can also benefit from the exception. Additional guidance will be provided to assist local authorities in the application of this exception

Reducing Liability for the Council Tax Premiums on Long-Term Empty and Second Homes

47. Under section 13A of the 1992 Act, a billing authority has discretionary powers to reduce council tax liability to such extent as the billing authority thinks fit. The power can be exercised in particular cases or by determining a class or case. The power may be used to reduce council tax liability in circumstances where a local authority may otherwise charge a premium.

48. Some illustrative examples of where a local authority might consider using these powers include:

- where there are reasons why the dwelling could not be lived in;
- where there are reasons why a dwelling could not be sold or let;
- where an offer has been accepted on a property but the sale has not yet been completed and the exception period has run out;
- where charging a premium might cause hardship.

49. The above list is not exhaustive and billing authorities will want to consider all factors they think are relevant.

50. It is a matter for a local authority as to whether the discretionary 13A powers are used to reduce council tax liability in respect of a premium. In the interest of fairness and transparency, a local authority should have a clear policy on whether, and how, these powers will be used. The authority should, however, consider each case on its merits having taken into account the circumstances of the case.

51. It should be noted that deliberations around the use of the discretionary 13A powers are likely to be different when they are considered to reduce council tax liability resulting from a premium compared to reducing liability from the standard rate of council tax. This is because dwellings liable to a premium are already liable for the standard rate of council tax.

Appeals

52. If a person is aggrieved by a calculation by the local authority of the amount of their council tax liability including their liability to pay a premium, they must, in the first instance, make an appeal to their local authority.

53. If they are aggrieved by the decision taken by their local authority or if the local authority does not provide a decision within the required timescales, they can appeal to the Valuation Tribunal for Wales but only after they have exhausted the local authority's appeals process.

54. Further information on the appeals process can be found on the Valuation Tribunal for Wales' website via the link below:

    http://www.valuation-tribunals-wales.org.uk/home.html.

Next Steps

Amendments to related legislation

55. In order to ensure that local authorities are able to administer and enforce the premiums the Welsh Government will amend relevant legislation to reflect the introduction of the premiums for example, changes to the calculation of the tax-base and to the appeals process.

Administration and Enforcement

56. In order to assist local authorities with the administration and enforcement of the premiums, in particular the application of the exceptions, additional guidance will be provided.

57. In response to concerns raised by some authorities about administrative difficulties and potential avenues for abuse, this guidance will also provide additional information to assist local authorities in applying the exceptions for:
    - dwellings being marketed for sale;
    - dwellings being marketed for let; and
    - job-related dwellings.

Use of additional revenue generated from the Council Tax Premiums

58. A local authority will be able to retain any additional funds generated by implementing the premiums and amendments to the calculation of the tax base will be made to facilitate this. However, authorities are encouraged to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.

59. Specific requirements in relation to reporting on additional revenue generated and its subsequent use will be set out in further guidance. Further details on this are provided in the next section.

Monitoring and Reporting

60. In order to monitor the effectiveness of the premiums and to ensure that information on their usage is clearly made available to local council tax payers, the Welsh Government will require local authorities to monitor and report on the implementation of the premiums.

61. The specific requirements in relation to this will be set out in further guidance which will be published prior to April 2017. This is likely to include:
    - Number of properties liable for the premiums;
    - Additional income raised from implementing the premiums;
    - How any additional income has been used;
    - Number of empty homes which have been brought back into use.

62. A new module is currently being developed on Datatank for local authorities to use in modelling, monitoring and reporting on the premiums. This will be available to all authorities in the New Year.

Local Taxation Team
Welsh Government
December 2015

Consultation – Council Tax Premiums for long term empty properties and second homes

Monmouthshire County Council's Cabinet has agreed to undertake a consultation exercise about charging a council tax premium for long-term empty properties and second homes in the county.

Sections 12A and 12B of the Local Government Finance Act 1992 allows Councils in Wales to charge a premium of up to 300% (100% prior to April 2023) on top of the standard rate of council tax, on long term empty properties and second homes.

This Legislation has been in place since 2017 and allows each council to choose whether or not to introduce these premiums. To date the Council hasn't sought to introduce a premium, however we now wish to hear your views about whether a premium should be introduced in the future.

A **long-term empty property** is defined as a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at least one year.

A **second home** is defined as a dwelling which is not a persons sole or main home and is substantially furnished.

Monmouthshire currently has extremely high levels of homelessness. A large amount of the Council's finances are dedicated to providing short term emergency accommodation. In line with Welsh Government guidance the council is able to retain any additional revenue generated from these premiums to help bring long term empty properties back into use to provide safe, secure and affordable homes and to help to increase the supply of affordable housing and enhance the sustainability of local communities.

If introduced the earliest the council could charge a council tax premium would be for the 2024/25 financial year. If approved the council will seek to notify all rate payers affected by the premium to give them as much advance notice of the change as possible.

If you wish to share your views please respond to this consultation by **16th February 2023**.

Data Protection and Confidentiality - We comply with all legislation governing the protection of personal information, including the Data Protection Act 2018 and the UK:

General Data Protection Regulations (GDPR). Any personal information you supply in this form will remain strictly confidential and anonymous. This information will be held and used in line with our retention policy. For more information about privacy, please visit: https://www.monmouthshire.gov.uk/your-privacy/

If you require the questionnaire in another language or format or simply require assistance in completing the form, please telephone 01633 644644 or email contact@monmouthshire.gov.uk and we will be happy to help.

1. Should the Council use it's discretionary powers to charge a premium on **long term empty properties** in the county? *

○ Yes

○ No

○ Don't Know

2. In reference to question 1 above please provide any comments here:

3. If you answered ‘yes’ to question 1, what level of premium do you consider appropriate for long term empty properties? *

- ◯ 25%
- ◯ 50%
- ◯ 75%
- ◯ 100%
- ◯ 150%
- ◯ 200%
- ◯ 250%
- ◯ 300%
- ◯ Don't Know
- ◯ Not Applicable

4. In reference to question 3 above please provide any comments here:

5. Should the Council use it’s discretionary powers to charge a premium on **second homes** in the county? *

- ◯ Yes
- ◯ No
- ◯ Don't Know

6. In reference to question 5 above please provide any comments here:

7. If you answered ‘yes’ to question 5 what level of premium do you consider appropriate for second homes? *

- 25%
- 50%
- 75%
- 100%
- 150%
- 200%
- 250%
- 300%
- Don't Know
- Not Applicable

8. In reference to question 7 above please provide any comments here:

9. Do you have any other comments in relation to this consultation?

10. Are you responding to this consultation as:

- ◯ A resident of Monmouthshire County Council
- ◯ The owner of an empty property in the county
- ◯ The owner of a second home in the county
- ◯ Other

11. How would you describe your gender?

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

12. Which of the following options best describes how you think of yourself?

- ◯ Heterosexual
- ◯ Gay or lesbian
- ◯ Bisexual
- ◯ Prefer not to say

13. How old are you?

- ◯ Under 18 years old
- ◯ 18 to 24 years old
- ◯ 25 to 34 years old
- ◯ 35 to 44 years old
- ◯ 45 to 54 years old
- ◯ 55 to 64 years old
- ◯ Over 65 years old
- ◯ Prefer not to say

14. How would you describe your ethnic group?

- ◯ White
- ◯ Mixed/Multiple ethnic group
- ◯ Asian/Asian British
- ◯ Black/African/Caribbean/Black British
- ◯ Other ethnic group
- ◯ Prefer not to say

15. Are you registered as having a disability?

- ◯ Yes
- ◯ No
- ◯ Prefer not to say

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Appendix Three: Consultation Responses

The consultation ran from 18th January to 16th February 2023. The survey was available via an online form. For anyone who had difficulties accessing the form, our Contact Centres and Hubs were available to help.

The Council also sent a letter to all council tax payers whose property is currently listed as either a long term empty property or a second home, drawing their attention to the consultation and inviting them to respond.

In total, 320 responses were received to the consultation.

- **240** from residents of Monmouthshire County Council
- **29** as an owner of an empty property in the county
- **58** as an owner of a second home in the county
- **20** others. Includes, employees of MCC, relatives of second homeowners, workers in the county, a business association and visitors holidaying in a second home.

(N.b. respondents could select more than one category for this answer).

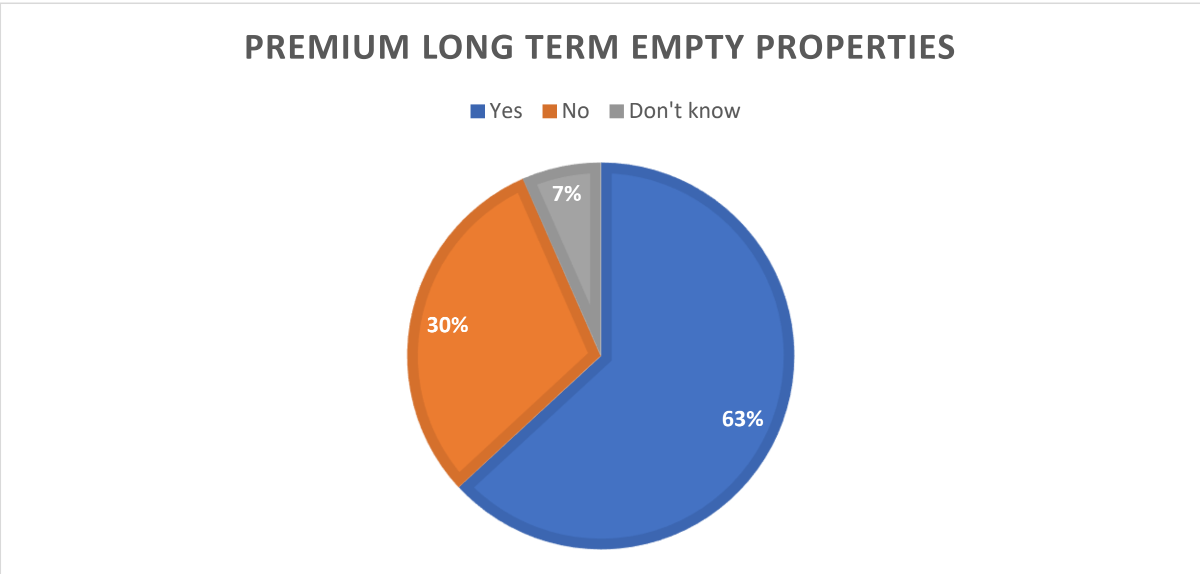
A summary to the consultation responses is provided below:

Long Term Empty Properties

Should the Council use it's discretionary powers to charge a premium on long term empty properties in the county?

320 responses were received to this question

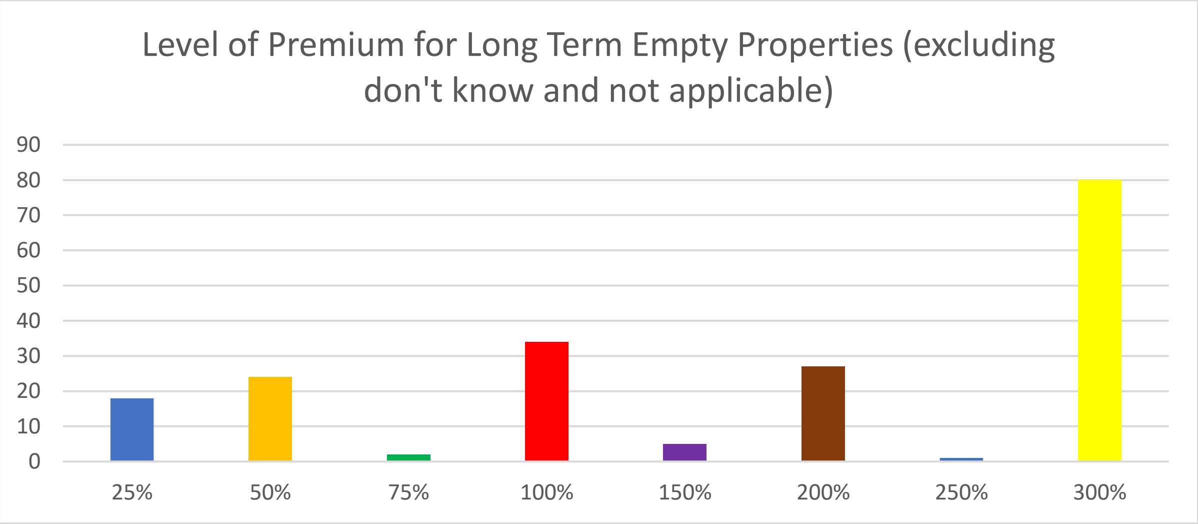
- 202 (63%) answered **'Yes'**
- 97 (30%) answered **'No'**
- 21 (7%) answered **'Don't know'**



What level of premium do you consider appropriate for long term empty properties?

320 responses were received. Of these, 129 either answered don't know or not applicable, as they answered no to the previous question. Of the 191 respondents that did select a percentage, the split was as follows:

- 18 (9%) answered **25%**
- 24 (13%) answered **50%**
- 2 (1%) answered **75%**
- 34 (18%) answered **100%**
- 5 (2%) answered **150%**
- 27 (14%) answered **200%**
- 1 (1%) answered **250%**
- 80 (42%) answered **300%**



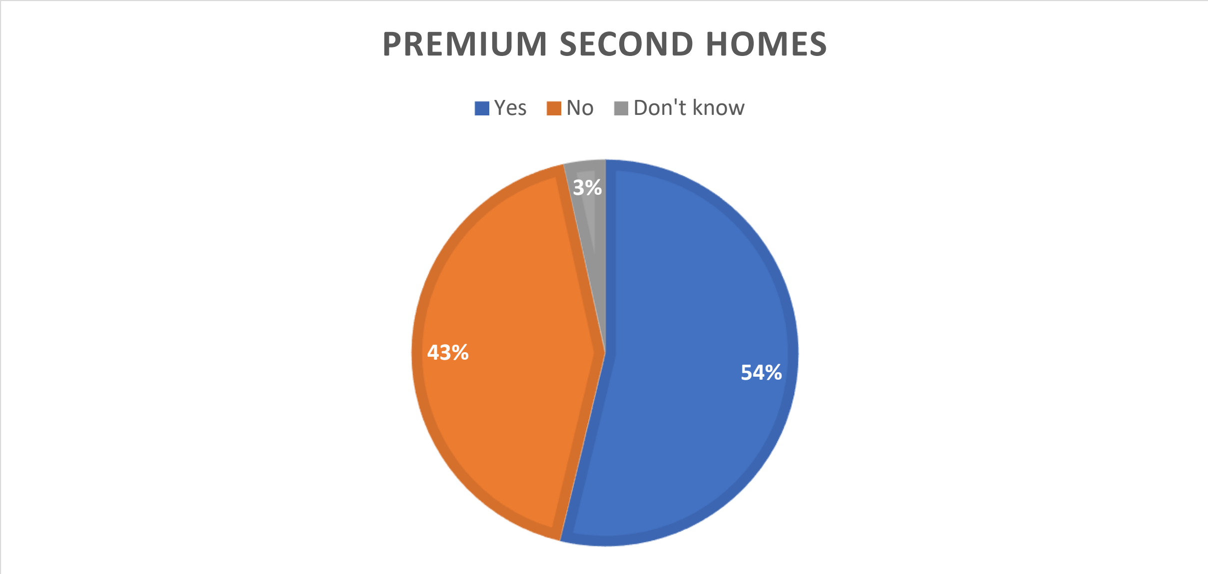
A wide range of comments and viewpoints were received from respondents. In total we received 347 comments. A full list of these comments can be found in Appendix Four. The comments are split down between those that answered 'yes', 'no' and 'don't know' followed by comments made specifically about the level of premium to apply.

Second Homes

Should the Council use it's discretionary powers to charge a premium on second homes in the county?

320 responses were received to this question

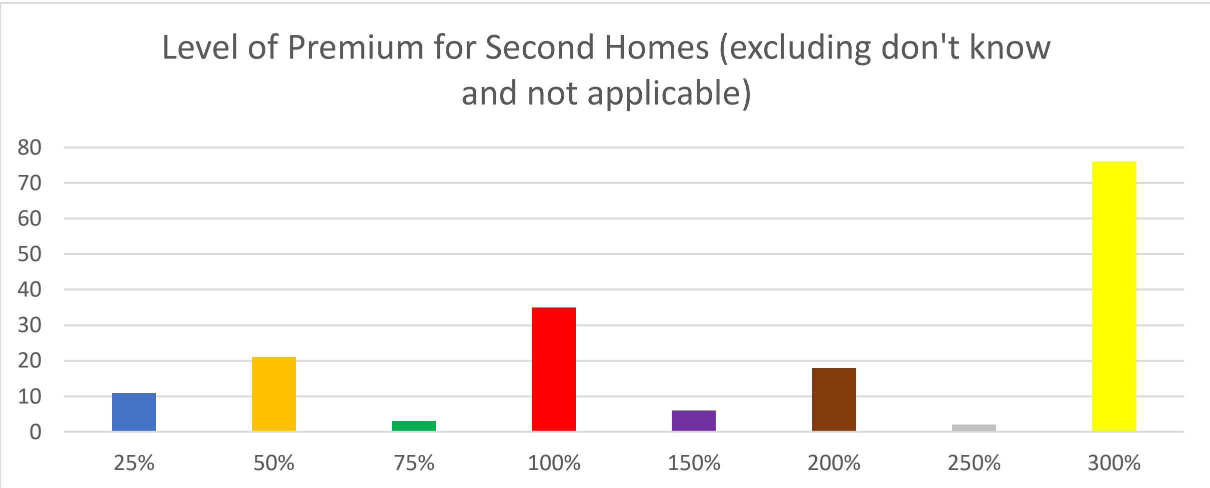
- 172 (54%) answered **'Yes'**
- 137 (43%) answered **'No'**
- 11 (3%) answered **'Don't know'**



What level of premium do you consider appropriate for second homes?

320 responses were received. Of these, 148 either answered don't know or not applicable, as they answered no to the previous question. Of the 172 respondents that did select a percentage the split was as follows:

- 11 (6%) answered **25%**
- 21 (12%) answered **50%**
- 3 (2%) answered **75%**
- 35 (20%) answered **100%**
- 6 (4%) answered **150%**
- 18 (11%) answered **200%**
- 2 (1%) answered **250%**
- 76 (44%) answered **300%**



A wide range of comments and viewpoints were received from respondents. In total we received 325 comments. A full list of these comments can be found in Appendix Five. The comments are split down between those that answered ‘yes’, ‘no’ and ‘don’t know’ followed by comments made specifically about the level of premium to apply.

General responses: 141 comments were made about the consultation

- I trust a solution agreed by majority is found.
- A poor method of increasing council revenue. Will inhibit Monmouthshire as a place to live and invest. People will prefer to live over the border in England.
- About time this sort of action was taken.
- Action on second homes is long overdue.
- Adding discretionary premiums is bad for land ownership and investment in property whether for tourism or rental or own use. It will erode inward investment into Monmouthshire generally.
- As mentioned before, it's morally reprehensible to own more than one home. Currently, ordinary tax payers, most of whom these days are struggling to make ends meet, are having to subsidise the provision of emergency accommodation for homeless people. It's time to start charging the very wealthy.
- By adding premiums to 2nd homes you are driving investment out of the area, people will sell up and invest their money elsewhere. Driving down property prices and desirability for the area.
- Can anything be done about homes being used for air b&b?
- Charging a premium on council tax for second homes is not necessary in Monmouthshire, as it is not nearly as much of a problem here as it is in other parts of Wales. Homelessness is unlikely to be reduced by raising marginally more tax revenue.
- Compared to other councils in Wales, the number/proportion of empty homes and second homes in Monmouthshire is very small indeed. The proposal to charge a significant council tax premium solves no obvious problem, and could be financially counterproductive if it drives people out of Monmouthshire who might otherwise facilitate jobs and investment.
- disgraceful
- Driving out second home owners, of which i am not one, will make the local area lose revenue, damaging local businesses.
- Fully support revenue to be used for those in need
- Given the average UK house price is much higher than the average house price in Monmouthshire, the issue is clearly not the availability of affordable housing. The policy proposal would appear to be politically motivated following the 2022 Council elections, given the accompanying literature does not say there has been a rise in homelessness, nor any other change that prevents the Council from dealing with the issue in a cost effective manner. It is not clear what the process will be to confirm the policy but I assume that elected officials will believe that empty/second home owners will not vote and therefore they will be safe in bringing in a policy that results in significant financial disadvantage for a very few disenfranchised people. If the Council needs money clearly raising taxes by a minimal amount for all tax payers is fairer. Forcing people to sell their homes will not help homeless people who cant afford to buy them and based on the number of houses quoted in the related information any monetary amount gained would be minimal. As such the decision to bring this policy in appears to be highly discriminatory.

- Grateful for the opportunity, thank you.

- Great to provide feedback on this. Hope that you will consider my comments. In our case we converted our garage to accommodate our elderly parents but as they recently passed away we are using the extension to occasionally rent out as Airbnb. We live in the house and it's never empty. Currently we are paying two council tax bills although it's all one house. We therefore do not fit into the property classification set out at the beginning of this survey. I see no reason to charge additional council tax as this should be covered under current arrangements.
- house prices in Monmouthshire are ridiculous and forcing families to move away (to the valleys) for rich usually English people to move in as holiday places taking away the soul and heart of the families who lived here for generations, for Welsh people taking away the land and the language and destroying local economies, schools, public services
- I agree with the consultation: unfortunately the whole concept of increasing council taxes for second home is just politically driven.
- I am concerned that this appears to be mainly for the reasons above. It may result in us selling this property, which is close to our family. The property is not commercially let, but is used by family and friends and by people who are unable to afford a holiday, at no cost. This brings in considerable income to this area.
- I am extremely impressed by the Monmouthshire Council doing this Consultancy exercise, and only hope that they act accordingly on increasing the Council Taxes to the highest levels possible, especially for Empty Properties, which is beyond me , why anyone could leave a property empty, when there is such need for Housing.
- I believe this may deter some people from owning second homes but I doubt that it will have much effect on what is happening as there is always someone willing to pay for the perk of a second home in a beautiful location. Wherever there is money to be made someone will profit.
  I appreciate that in some locations there has been a shift to ghost villages but what has been witnessed locally is, an injection of cash into the property market with people buying old deteriorating property and renovation as well as barn conversations. This has led to increasing numbers of property and improvements to quality of property on the market and to increasing the number of non local people in the area. I.e. bringing trade and prosperity in.
  I am sure this tax will increase the revenue to the local council which is fine.
  I don’t believe it will solve the situation of local youth being pushed out of a high market price by outsiders as this is capitalism.
  If there is high demand and shortage of supply the price will go up. As you cannot dictate who can live in an area i.e. Welsh only as this would be racist then whoever wants a second or third or fourth home can. The big business will go unaffected if they run the holiday homes as a business as they only pay business rates.
  Homelessness is such a complex issue caused by mental health issues drug and dependency break down of families poor education, lack of support for those leaving institutions such as the military or foster homes etc Maybe the revenue could go into the kind of help that could solve these issues.

  Also bringing thousands of refugees into the county where homelessness already exists is a questionable policy. In addition inability to close borders to refugees another.
  I would like to see figures on how much increase in homeless is a result of second homeowners?

  There are more and more grown up children living with their families due to inability to afford homes as the low pay for local trades cannot compete with the higher paid remote workers. If the council want to help the Welsh locals (not just the Welsh speakers) providing more cheap low quality homes is not the answer. This will just create a land that was green and pleasant into a land full of cheap low cost housing I don’t think you could ever plug the hole as long as the borders of UK are open. What could be and should be a

priority is the refurbishment of inner city disused old period property making decent homes in brown field rather than constant new construction. This might be done with the 400 houses currently empty. The infrastructure is already in place like road and train links to these properties.
We need to move away from Capitalism to solve the other problems maybe look to Sweden and Denmark for solution

- I do not believe that this is a premium that can be levelled fairly across the board. Individual circumstances differ. There may be one owner for multiple properties or just one owner struggling to keep a family home to pass to the next generation. There may also be properties that are long term empty where there is no intent of anything being done to them.
- I fail to see what questions 11 to 20 have to do this issue.
Pob lwc
- I feel we need to be welcoming of others into Wales and Abergavenny.
Each property should pay Council Tax in accordance with the properties banding.
- I find it hard to believe that the council is considering this insular tax which could have negative overall outcomes.
- I have always maintained my empty property and it was burgled and badly damaged last September by metal seekers so now sits waiting to be repaired as it has no heating. Again I do not think this consultation makes allowance for individual circumstances. I should have a reduction in CT currently as the property is unliveable without heating but am told this cannot be given.
- I have concerns that those with the means will find loopholes to increased council tax on empty properties and second homes.
- I hope that consideration will be on a case by case basis.
- I hope you make a difference by imposing charges
- I recognise the need for homes for local residents, but wonder why, for example in Brynmawr, Ebbw Vale and other towns, there are many empty and almost derelict homes. Could the Council not investigate purchasing and refurbishing some of these as they would make excellent starter homes and contribute to the regeneration of the area? They would also be more directly affordable to those actually in need, as houses like my own and many other second homes would be very expensive for first-time buyers, especially in the current economic climate, whereas purchase/rental of homes in the old industrial towns would be more affordable, and also more practical for those who may not have access to a car and need shops and other facilities nearby.
- I sincerely hope, if you were to bring in this premium, that you would let everyone affected know about it as soon as possible.
- I think essentially the whole idea of trying to find housing and raise additional funds is great. In practice, i am unsure whether it will have a great affect on either as in counties such as Pembrokeshire, this has just resulted in the selling of second homes, also priced at a premium, and people looking to change to a more business model of letting if that's what the home is used for. Welsh legislation for private landlords has also had the same affect with private landlords selling up in their droves, twice as fast as England which in effect is just taking existing rental properties of the market which is creating a further shortage in the private rental market, which is such a big part of the provision of homes to rent. The consultation needs to look at the whole picture.
- I think if people are wanting to purchase second homes in the county it is unlikely that charging a council tax premium will discourage this, but perhaps a premium may help discourage this so that others in the county may be able to afford to buy their first home in the are rather than being priced out.
- I think if you own a second home in Monmouthshire you should pay full council tax plus going forward a sort of 2nd home tax fee at time of purchase.
- I think it is a great idea but consideration needs to be given to its application to ensure fairness and not ruthlessness.

I would also strongly address the possibility of the compulsory purchase of long term empty homes.

- I think there needs to be more short-term housing for the homeless and this could be forced when housing developers put forward their plans.
- I think this is a good idea and is preferable to a general rise in council tax
- I think this would be a splendid initiative and could only help the dire housing situation (which is particularly acute in Usk).
- I understand that you are trying to repair the budget hole you have but you are targeting wrong people for the wrong thing.
- I would like to understand the real economic and community impact of second home owners in the county. In our case, we are at the property for 3 days a week, yet make limited demands on public services. We invest in local trades and workforce (gardeners, cleaners, trades). I find it hard to see an rational argument for households such as ours to be charged an additional penalty for our impact.
- I would welcome a positive and decisive effort to redress the balance of property ownership discouraging those who are selfish and wish to own two properties and those who are oblivious to the needs of young people/families and homeless people in our community by simply allowing perfectly good properties to stand empty. We should all feel responsibility to our communities.
- If a second home tax is brought in some consideration should be made for owners who own the property to support local family e.g. an aged parent etc. This group actually reduces demands on council services such as social care but put little demand on council services.
- If increased premiums are due to be paid from 1st April, it doesn't allow much time for an owner to prepare. At the very least it should be increased gradually over several years. Otherwise it could send people into poverty.

  What about the cost of living crisis? Council tax prices are increasing for everyone, so is this the right time to be doing this? Potentially this could have a significant impact on families lives and should be very carefully considered.

  Owning a second home or long term empty property doesn't mean the owners can afford to pay premiums. It could be that its been in a Welsh family for decades/generations. If premiums are high, the owners could be forced into selling the property quickly, which may mean accepting a lower price for a quick sale, allowing for rich property developers to come in and renovate and make a profit. Is this something that the Council wants to support?

  The proposed scheme could discriminate against middle income families, who are already facing tough financial times. Those on high incomes will simply be able to afford the premiums and the property will remain out of use, therefore not solving the problem of a housing shortage.

  Some properties are in remote locations, with no road access, running water or sewerage (despite already paying full council tax), so can't be let, are difficult to improve, e.g. getting contractors on site etc. What support can the council provide for properties in these difficult locations? Adding a premium won't alter the fundamental reason why they are empty, nor help bring them back into use.

  The new premium process should include an extra exemption bracket for properties that don't fall into the categories currently provided. There may be other reasons why a property is empty or used a second home - an owner should have the opportunity to outline what these reasons are, in order for a sensible plan of action to be agreed with the council to bring the property back into use.

The new premium process is based on current council tax bandings, which were set out some time ago. To be fair, there should be a separate process to re-evaluate the current council tax banding, to ensure it's now accurate. Owners should be able to request additional support, perhaps a site visit from an officer, so they can assess the building and give guidance on the best way forwards. This new process should be offered specifically to those properties subject to any increase in premiums, so assessments are dealt with quickly and in relation to the bigger picture of trying to bring properties back into use.

The use of the revenue funds generated from any new process should be transparent. What is the purpose of the revenue generation exactly? The information provided on the website states that the additional revenue generated will be used by the council to bring long term empty properties back into use. How exactly would this be done? Would the revenue generated be made available via a grant process for making improvements, or some other scheme to bring properties into use? It should not simply be used as an additional revenue generation process, in effect transferring the Councils financial difficulties onto the home-owner in already difficult times. The use of the money generated should be clearly defined, and the amounts and their spend should be held in the public domain and available for review/scrutiny by the public. Also if the new premiums increase by a huge amount, e.g. 300%, people will be forced to sell and then eventually this revenue stream will cease, making it unsustainable.

A quick calculation shows that this scheme could generate £3m per year (based on 590 dwellings, with a 300% increase for average tax bills of £1800). Even if the Council then use this funding to provide a home improvement grant system, the maximum for each home would be £5400. Is that going to be enough for an owner to be able to get their property up to a standard to let?

- If the Welsh Government wishes to discourage second homes, a more effective option would be to introduce a premium on Stamp Duty for the purchase of more second homes rather than penalize those who already own second homes.
- If these houses are paying 100% council tax it doesn't seem fair to charge more. It may affect the amount of private rental properties available in Monmouthshire and there is already a shortage.
- If tourism is a major contribution to the area, don't jeopardize it through too punitive measures.
- If you require additional funds to provide new social housing then the contributions should be evenly spread between EVERY single adult person in the country, through income tax and council taxes, not by picking on a few individuals just because they have two homes. You may think we have lots of money, but as OAP's, we don't!
- I'm fully in support of this proposal
- In general, I think a blanket policy of potentially increasing the tax by up to 300% except in those parts of Wales where is there acute pressure from second home owners is inappropriate and too broad brush. Second home owners should not be regarded as a blight but a benefit in areas which are not under acute pressure. The policy should be very carefully targeted with great care and not used merely to increase revenue in hard times.
- In my case, my holiday rental is not allowed to be sold separately from my main residence (for planning reasons) and, if I were faced with an increased council tax bill (bearing in mind the WAG rule changes this year mean I will anyway face a 'normal' council tax bill where previously I had had a 100% exemption), it would make my business uneconomic. As I can't sell the property or rent it separately, for planning reasons, I would be forced to return it to being an outbuilding. This would remove a (currently) viable business and source of tourist income from Monmouthshire. I suspect many others would be in a similar position, thereby reducing the Monmouthshire tourist industry to being a 'day-tripper-only' location for most families (hotels and even B&B's are too expensive for the 6-person, 1-

week, family-stays we have). Cottages a few miles over the border, in England, don't have this problem and would massively out-compete our property.

The Wye valley is a marginal tourist area (check with any cottage rental company, e.g. Cottages.com) - it is not Snowdonia, Pembrokeshire or the Gower. Cottages located on the Welsh side of the border could not simply increase their prices to mitigate any additional council tax as customers would simply book cottages on the English side of the valley or in the Forest of Dean instead. For my property to break even, with a 300% increase in council tax (i.e. 400% from where I was in 2022), I would need to at least double my prices (and these are set by the commercial lettings agency I use, not me). This is simply unviable and the lettings agency would drop me from their books, as they would get no takers.

- In Response to the questions below, why should my gender, sexual preference, religion and ethnicity have any bearing on this survey. Surely questions related to property ownership are far more relevant and how 2nd homes or rental properties in Monmouthshire. I refuse to answer the Welsh section too as I don’t feel it has any place in this survey.
- Incentives to encourage letting out of long term empty homes, in particular, would be preferable to punitive measures !!
- Introducing these premiums at the maximum level would be a strong message that MCC supports equality of opportunity and the wellbeing, vitality and sustainability of our communities.
- Is this just a punitive tax to increase council revenue or an effort to reduce homelessness? If the latter, taxing second homes is unlikely to solve the problem.
- It appears to me the consultation is so simplistic as to be of no value in establishing policy. For example, if people who are unaffected by a policy as asked how much others should be required to pay they are likely to say a high amount. However, that does nothing to establish whether those who are affected could afford to pay the amount those unaffected consider appropriate. Similarly, it does nothing to establish whether the purpose of the policy would be achieved by its implementation. In my case as explained above, it would have the opposite effect to that desired as no further accommodation would be provided and the Council would receive less income.

  There is also seemingly no consideration of the condition of the uninhabited properties. Maybe they are uninhabited for a very good reason. What is being done to review this and why is it not addressed within the consultation? For example, does the Council wish to oblige owners to rent out property which perhaps does not meet modern standards?

  The location of the properties is also a relevant consideration which is not addressed within the consultation. The County is comprised to a large extent of rural areas, with relative modest urban conurbations. It it were supposed, that the people who require the housing in question live in the urban areas then the policy would be of no benefit to them if the housing were in the rural areas, and vice versa.

  The other aspect of this is whether the same objective could be obtained by alternative means. For example, it is said there are 400 unoccupied premises. If that number of additional houses is required then the Council could build them. That might mean Council Tax is increased for everyone but that seems to me fairer than requiring a small number of people to shoulder the burden of resolving the problem.

  The consultation also ignores the most fundamental issue, which is the ability of those who would be affected to pay the premium. As I've said, I could not so I would take the steps necessary to ensure it no longer applied to me. There might be some who could afford it and will pay. Again, that would mean no extra properties would become available. There will also be those who can't pay who would like to make the property habitable but can't afford to do so. Will they get help with those costs or will they have to sell? If they do then who will they sell to and will it benefit those who the Council think should inhabit the properties?

There is nothing in the consultation about any of these practical issues so it simply cannot facilitate an informed decision.

- It is essential that steps are taken to prevent our communities dying out. Steps also need to taken against Airbnb and other business models that are exempt. I would be more than happy to pay 10-15% on hotel charges
- It is important for the council to understand why a property is empty and what the long term plans are for the property before making any judgement. In our case, the renovation is taking longer than we would have liked, but it is progressing and we do not intend to own 2 homes for longer than necessary. The house being renovated is not habitable, so should not incur higher taxes. neither are we using any of the council services for the second home (no waste collection e.g.)
- It’s a disappointing and obvious but shameful thing to be considering putting any tax up for anyone in a cost of living crisis and inflationary bubble.
- Just because the Welsh Assembly gives the power to the council to use an un-fair tax premium it doesn't mean it is right to use it. This totally distracts from the unlaying problem of council under funding, a lack of social housing, and relating to the use of council services and paying for them.
- Learn grammar. A council uses its powers, not "it's" powers.
- Mae parchorin absennol yn sugno bawdy a llewyrth o'r gimlets.
- Make sure whatever measures are imposed , affect only those who are in their situation by choice and .....not ... those who are in it by necessity.
- Measures that are brought in often have unintended consequences and result in a shrinking rental sector which costs the council more in paying bed and breakfast accommodation for the homeless.

  There need to be exemptions for those in need of care and support from their family where they have purchased a small second property to be nearer younger relatives based in Monmouthshire and their first property is on the market. Often warden assisted property or property for the elderly if first property takes a long time to sell and service charge fees have to be then paid for both properties.

  In other words there need to be exemptions for second (one or two bedroom) homes for those who move to obtain the help and support of younger relatives until the first property is sold.

  As may end up paying 2 lots of service charges, 2 lots of council tax and then any increase in council tax on top.

- My Aunt returned to her country of birth with her husband in the 1950's. He became the local postman until he retired. They at first rented a condemned cottage without mains water or an electricity supply; this they purchased later. My son inherited the cottage and during the past 10 years has upgraded the property employing local labour and materials. If he has to sell there will be a loss of income to the hospitality and general supplies industry since the wider family enjoy frequent visits.
- My family come from Brynmawr and I inherited my aunts house in Abergavenny. I have lived and worked in England all my adult life but come ‘ home’ to my house in Abergavenny at least every fortnight. My 92 year old father lives in Cardiff, where I was brought up. My adult children, who are half Welsh come to stay in Abergavenny regularly.

Our house in Abergavenny is truly a second home and brings myself and my family immense joy.
Monmouthshire is not Cornwall, it is not awash with second homes which dislocate the housing market for local residents. At a time when everything is seen as a potential source of revenue I would ask you not to introduce such a hostile act for little financial gain to the Council. I suspect it with be revenue negative for Monmouthshire economy as a whole and sends a very bad message.

- My wife and I are joint owners of the property. When this consultation arrived by post she telephoned to ask that her name be added to that of the addressee, since there was otherwise an under-reporting of concerned individuals. She was assured that your records show that she was jointly liable for any council tax levied upon this property but told there was no way in which the computer programme could be altered to record joint ownership or additional views and demographic profile. She is white, female, Christian and a feminist and wants you to recognise that this form of inquiry privileges men and their responses to any issues raised. Please respond to this point; better still, revise the process.
- Our house has a planning schedule which stop the annex being sold or rented separately to the main house. but we have been targeted for the premium, despite it being out of our control to do anything differently. as advised by your representative on the phone i have emailed into counciltax@monmouthshire.gov.uk
- Our inherited second home is a flat in our home town.
  We use it to support an elderly near relative for at least 150 day per year.
  We are helping to prevent this relative from having to go into care.
  If and when we decide to sell the property it will be to anyone at the then current market value.
- Owning empty, damaged, listed property is a responsibility in itself, renovating it properly, sensitively and in keeping is not cheap. Doing it properly takes time. We are not trying to gain any advantage, we are not delaying things - we had a sewage flood that set us back 6 months, Covid kept us at home. Our project is probably 18 months behind as contractors have missed out on time slots because of delays. It’s all part of the joy of listed buildings. Getting high additional council tax as well would be mad, and a deterrent to those who genuinely want to conserve our heritage.
- Penalise second home owners who like their get away home but don’t contribute fully to the local economy as they are away from these homes for long periods throughout the year.
  People who leave homes empty should only pay the full council tax and no more.
- People who can obviously afford it, having more than one house, should pay more.
- People with second homes give very little to the community
- Perhaps you need an additional classification of "holiday let" properties, which could retain the standard 100% charge reflecting both their lower demands on local services, and economic benefit provided to the tourism industry.
- Probably loads in context of the bigger picture. Scrutinise all budgets audit where the money goes. Cut out waste turn off lights and heating. Invest in environmental impact training.
- Properties that are holiday lets should be charged at a premium. If they are then let for a large proportion of the year they may apply for a rebate. There should be no rebate as a matter of course. Some holiday let’s are unviable and these should be encouraged to return to the open market.
- Questions too narrow in scope

  Also on my religion or belief why no other ??
- Rather than taxing your way forward why not use the fact that you have tax raising powers as a negotiating tool with these owners to let the Council use the properties to provide accommodation for people in need. There are many business properties in Monmouth town that have been empty for many years. Why not negotiate with these owners to

refurbish and provide accommodation above the shop areas that you would manage. In return they could have a period of reduced business rates on the shop area.

- Second home ownership is a blight on local communities, artificially inflating house prices, and forcing out the locals. It is killing communities, especially coastal ones, in the UK. Most second home owners can afford to support their chosen community more than they do in their few weeks of residency. Leaving property empty for long periods, usually so that it decays and can be redeveloped, or in hopes of a larger profit later, changes the appearance of the town, and should be discouraged.
- Second Homes and Empty Properties are an easy target for increased tax.
  Is this really a good path for a Council to proceed? What other groups will be next?
  Many of these homes are inherited properties of local families. Will this decision affect inheritance of property in Monmouthshire?
  From the number of properties in these categories and average Council Tax of £2000.00 is this economic?
  Many properties might be sold - current market value prohibits the homeless similarly if properties are rented.
  More could be raised if Council tax is paid on holiday let properties.
- Should it be agreed that premiums are introduced for both second home owners and long term empty property owners, it should be made very clear to these owners why they are being asked to pay this premium - that Monmouthshire has a housing and homelessness issue; that young people who have been brought up in the County are forced to live in other areas because they can't afford a local home; that Council funds are scarce and that these owners will be making a financial contribution.
- Some second home owners use their second homes often and different charges should apply if a home is used at least 180 days a year.
  Some allowance should be made for owners who have owned their property for over 20 years.
- Something seriously has to be done to limit empty properties in the area.
  This includes units within Caldicot town centre, the old QS building could be being used to house the homeless for a short term. It could easily be sectioned into numerous pods/rooms.
- stop dithering and do it
- Stop wasting money and spend it removing Drakeford.
- Tackling homelessness and property-idleness should be high on the Council's list of priorities.
- Thank you for consulting us. It is lovely to be able to share views with you on subjects one fields passionately about. These moves are LONG over due. Please apply the 300% rates and get these properties back contributing to our communities.
- Thank you for opening this up for public comment. This is a critical issue nationwide. I have no objection in principle to people owning a second home which they rent out (though again, the level of council tax should reflect this), but I do feel very strongly that nobody should own more than two homes until everybody has at least one.
- Thanks for consulting and hopefully progressing these plans
- The consultation is timely and appropriate when considering the housing shortage in the area.
- The consultation needs to look at what is beneficial the whole of the county not isolated areas.
- The consultation states an objective for an empty homes premium ("to provide an incentive for encouraging occupation"). But it gives no objective for a second homes premium. Given the tiny proportion of homes in Monmouthshire that are second homes, it seems unlikely that these would lead to any of the issues potentially arising elsewhere in Wales (e.g. empty villages, exclusion from home-ownership, reduction in Welsh language use). So it is not clear why the council would seek to charge such a premium or even to consult on this.

- The council need to use all powers to get as much revenue as possible to help its citizens
- The council will undoubtedly face some very sophisticated and high-powered lobbying from rich, articulate and well-connected second-homers and owners of long-term empty properties. I very much hope that the council can hold their nerve and do the right thing for the residents of Monmouthshire
- The County is beautiful and we respect it and aim to keep it that way by maintaining the property and always keeping up with any repairs. This is the haven that helps my disabled cope with her illness.
  Thank you
- The impact of historical in - migration to Monmouthshire is disturbing in terms of it's identity as being a Welsh county. The nature of our settlements is changing rapidly as anglicisation continues. At times in Monmouth, I don't feel as if I live in Wales at all. As nice as many of our friends are who have arrived from over the border, they also bring their political outlook, a distorted view of what Wales is and almost all have no respect for our devolved status - as clearly demonstrated by their adherence to English covid rules during the pandemic. The second home opposite us was allowing visitors from England throughout Welsh lockdown.
- The preamble to this consultation focuses on the homelessness issue, this should not be relevant to this debate. The Council should ensure that builders build more affordable social housing through more rigorous planning policies on new build housing sites. Hundreds of new homes are being built and the proportion of social and affordable housing that developers are required to build should be higher.
  Empty properties in areas where homelessness is an issue should be targeted individually, with positive measures to understand barriers to occupation.
  Second home owners should not be penalised and treated as 'foreigners' with excessive cash reserves, they have all chosen to have properties in the area for many reasons, but all because they love the County and genuinely wish to support local communities.
  Divisive and negative economic policies serve to undermine community cohesion and create unnecessary tension.
- The questionnaire design is poor: grammatical errors (several instances of incorrect use of 'it's'); conflates gender and sex; ill-considered categories for 'ethic group'; confusion as to whether Q.16 is asking about registered or self-identified disability; no provision for non-religious beliefs (e.g. humanism).
- The time limits for structural repairs is far too short especially when the building is Listed. The properties are unlikely to meet the standards that are and will be required for letting. The council should focus on building new energy efficient, sustainable housing.
- The wording of this form and the accompanying press release is very poor indeed. It would be surprising if you get many responses as it seems deliberately engineered to get very few responses and next to no meaningful comments. There is no better information on the website and I have failed to find any mention of Welsh Government settlement figures for this serious subject in any of your documents.
  There is more nonsense about my gender age and ethnicity in the questions than about the serious economic topic concerned. Please stop being so politically correct and think about the prosperity of the county and its rental businesses.
  Self catering properties in Monmouthshire are largely of good quality and bring into the county high spending people all year round (not part of the year as in some Welsh Counties) See STEAM FIGURES . They contribute greatly to employment and to the tourism spend multiplier. It seems as if some officials do not understand the difference between a busy self catering property and a rarely used second home. This is shocking.
  Second homes should pay rates. Why they should pay more when they are unused is beyond me as they cause no difficulty to anyone, are not demanding of road, education, refuse or health provisions.
  Question 10. Who or what is a resident of Monmouthshire County Council. Do you mean of the County or are people now resident in the council offices? very poor wording.

- There are a range of reasons why properties are unoccupied or used as second homes and there needs to be an easy way to discuss this with a sensible approach to applying discretion without resort to legal process.
- There are plenty of ways to obtain additional funds for a council. This is not one of them.
- There is a balance to be found. Second home owners should contribute more in council tax, despite using less services, as their absence from local affairs is a societal cost in a non financial way and many of the aspects of local society that attracted the owners still needs to be paid for. On the other hand local communities need tourism and UK holidaymakers, and need the investment people put into second homes. But communities also need to feel that having second homes in their community is worthwhile and so an extra contribution is both fair and should be portrayed as a valued contribution by councils.
- There is a house near mine that has been empty for years and I think it is such a waste.
- There will be a negative impact on tourism if this premium goes ahead. We use our second home at least once a month and for two weeks in the summer plus over Christmas. Often, we arrange for friends and families from England to visit my home town at the same time. This considerably boosts the amount of money spent on these visits. This will all stop if we cannot retain our second home which is in my home town.
  I am fiercely proud of being Welsh. But I do feel I am being banished from my own country. It is difficult to promote Wales if you are no longer able to visit your home town yourself.
- These measures won't tackle homelessness. Need to build council houses to tackle that.
- This is an obvious soft target to raise income for the council just like parking charges were. This has contributed to the decline of our town centres and will backfire in the long term by discouraging investment and improvement to the housing stock in the long term.
- This option is just another way to punish people who are already contributing to the local economy or trying to improve their properties. If an empty property is left to deteriorate then maybe an additional charge could be considered but for those trying to make home improvements then it seems very unfair
- This seems like a short term knee jerk response that will create a long term Economic dis benefit to the county
- TO INTRODUCE A PREMIUM ON PROPERTY CHARGES WHEN THERE IS ABSOLUTELY NO BURDEN ON THE LOCAL AUTHORITY IS UNFAIR AND COULD ALMOST BE DEEMED AS PUNITIVE CHARGE FOR INVESTING IN THE PROPERTY MARKET AS OPPOSED TO INVESTING IN STOCKS AND SHARES OR GOLD ETC
  IT IS MANIFESTLY UNFAIR
- Wales and particularly Monmouthshire already does enough to discourage people from visiting with petty regulations, exorbitant council tax rates, and high car parking charges.
- We currently have an empty property in Monmouthshire which is being renovated. As the renovation has taken over a year we are now paying council tax in 2 counties which seems unjust.
- We have rented out a flat via Airbnb, and there is clearly not enough supply in the centre of number for this. It brings in much-needed support for the businesses and shops of Monmouth, and I think it would be an own goal to penalise this.
- We have several properties in Monmouthshire including long term let's and holiday lets. There's normally a good reason why properties are empty for long periods of time.

  As feedback we have been improving one of our properties so it has been empty. We investigated the Monmouthshire support for improvements that was available. The MCC staff were really helpful but the length of time taken to obtain the support meant that the property would have been empty for much longer than with other forms of finance.

  We also have one property that we sometimes let longer term and other times holiday let. In this case the property would flip flop between commercial and residential. It is not clear how easy this would be to do.

It is not clear from the consultation how many second homes and empty properties would be subject to any charge and therefore how much more money could be raised. We received 3 letters from the council in relation to this consultation. One property is for sale and would be exempt from the charge, one has a planning restriction so that it cannot be used as a permanent dwelling and the other is a holiday let that over COVID was occupied as an AST and was therefore categorised as residential. None of these will attract a cost under the proposals.

One final comment is that this consultation seems to be driven because of the lack of accommodation available in Monmouthshire. One of the significant barriers to creating residential accommodation is not the number of empty properties but the time taken for planning issues to be resolved in the county. If the planning department were able to operate to their obligated timeframes more dwellings would be available in the county. Our experience is that this aspect contributes significantly to delays in turning empty and potentially new properties into dwellings and addressing this issue would impact more significantly on the issue than a notional increase in council tax on a small number of properties most of which will be exempt.

- We would like to rent it out to help with homelessness but having been unable to get into Wales this has set us back by 18 months. If a premium is applied we feel aggrieved as the property would have been finished and be rentable or we would have moved in ourselves by know guilt time. There needs to be some natural justice in all of this please.
- When it comes to a property that has been classed as "long term empty" due to the owner having to defer building work being carried out for the past 6 months because they have had to look after a terminally ill relative, until they recently passed, is morally wrong. Again, this should be assessed on an individual basis, instead of taking the approach of financially crippling people at the worst possible time.
- While I strongly support the general idea, I would stress the need for a workable appeals process.
- Why have we not already done this.
- Why is it down to homeowners to provide accommodation and a premium to the homeless. It is down to the government to build more accommodation or affordable housing for local people. This is yet another short fall despite increased taxes and costs
- Why should people have second homes when there are large numbers who have no home at all, or have to move away from their roots to find a home.
- Will something more also be done about empty business premises? Like the Royal Hotel in Usk which has been empty for at least 10years. Compulsory purchase of buildings left to fall down would be good. They could then be turned into flats for the homeless. Also is Monmouthshire going to appoint an empty homes officer as recommended by WG?
- With all of the squeezes it is very unfair to add additional taxes without really knowing the circumstances. A broad approach like this will end up taxing people who don't deserve it and can ill afford it. As I have mentioned we would sell our property if there were a buyer - instead of it being empty we bring people in to the region who spend money in local venues. Please don't penalise everyone without understanding the situation.
- with the cost of living crisis everyone is struggling I am not a property developer and will not be making money out of the property
- yes i think its a brilliant idea and well overdue !
- Yes, start managing with the budget you have. People cannot afford any more money. We do not have a bottomless pit of cash to give to you, utility companies and good retailers. Cut your cloth to suit your budget. Stop paying executives and councillors top whack. Turn the lights if in your buildings and turn the heating down a few degrees! Stop having unnecessary meetings that cost time and money and start running a lean, cost effective and efficient council.

- Yes, the whole idea is abhorrent. I'm sure many will vote yes in some mad feeding frenzy of sticking it to those who must have more than they do. Fairness would be those that use the most services pay pro-rata, but as Mrs Thatcher found out, not matter how fair that would be, those used to getting things for nothing will always complain when faced with the real value of services they receive.
- Yes, we are of the wealthiest counties in Wales, you need to be charging tax at a much higher rate to the most wealthy. We a good share of the millionaires!!!
- You don't make any reference to the owners ability to pay a premium charge in any cases. I get the whole 'tax the rich more' philosophy, and I do not own a second property personally, but I cannot see any fairness in charging a premium on an assumption that a second home/vacant property owner can afford to pay more.
- You should not charge anything extra as the council tax in Wales is ridiculously high as compared to England

<u>Other optional questions</u>:

- Gender:

Male	126
Female	139
Non binary	1
Prefer not to say	43
Other	3

Is the Gender you identify with the same as your gender registered at birth

Yes	257
Prefer not to say	49

- Sexuality:

Heterosexual	211
Gay or Lesbian	9
Bisexual	3
Asexual	1
Prefer not to say	68
Other	11

- Age:

18 to 24 years old	1
25 to 34 years old	14
35 to 44 years old	31
45 to 54 years old	51

55 to 64 years old	81
Over 65 years old	84
Prefer not to say	46
Other	1

- Ethnicity:

British	118
English	26
Indian	1
Irish	1
Scottish	3
Welsh	103
White and Asian	4
Prefer not to say	42
Other	7

- Registered disabled:

Yes	20
No	240
Prefer not to say	50

- Religion/Belief:

No religion or belief	127
Buddhist	1
Christian	105
Muslim	1
Prefer not to say	70

- Caring responsibilities:

None	176
Primary Carer of a child/children under 18	48
Primary Carer of a disabled child/children	3
Primary Carer of a disabled adult (18 and over)	7
Primary Carer for a older person	21
Secondary Carer	17
Prefer not to say	39

- Impact on the Welsh Language – in excess of 300 comments were made to this question. Responses are shown below.

  - A person does not need to speak Welsh to be Welsh.
  - A ridiculous sum of money is spent on promoting the Welsh language. Local councils should be able to decide how much is justified in their area. Having this language forced upon us makes us resent it.
  - Accept Welsh is fading away. English is more important. Stop wasting money on doing everything in 2 languages.
  - Agree with promotion of Welsh
  - Allowing young people from local areas to stay locally will embolden a sense of community and those learning Welsh will continue to live in our county and have the ability to use the language rather than moving away
  - As a Fellow of the Learned Society of Wales, I am a strong advocate of equal support for the Welsh language and culture. The number of second homes in Monmouthshire is quite low, much lower than in holiday destinations elsewhere in Wales (e.g. Pembrokeshire, Carmarthenshire, Ceredigion), so the effect of these proposals on the Welsh language would seem to be marginal.
  - As a Welsh speaker, second homes affect us very negatively. Since moving south I am surprised at attitudes towards my language. I feel very strongly about Monmouthshire place names, how they have been changed into nonsense names because apparently English people are incapable of saying the real names correctly. Why are so many English people completely stupid when it comes to languages, and why do we accept that their revised versions are right? We need to embrace our history especially in one of the counties that has fought so hard to exist in Wales. It shouldn't be hard for people to learn to respect that this is a different country I propose place name pronunciation and meaning as a starting point at least!
  - As I have alluded to above, Welsh is under threat from immigration. I personally complained to the Welsh Language Commissioner when the Monmouthshire Beacon ran a story about the former Conservative MCC who were considering replacing bilingual road signs with English only signs! The Commission found in my favour over 3 breaches of the regulations! When such a large % of the county are not native to Wales, their attitudes to the use and even existence of Welsh as a language of ANY status, let alone equal status, greatly diminishes the potential for Welsh to survive, let alone grow.
  - By ensuring that young families could afford to buy or rent property within their communities, would help to make it clear that these are distinctively Welsh communities, not just holiday accommodation which takes no account of the local community. This would help to make clear that the Welsh language is at least as culturally important as English and encourage people to be proud of being able to speak Welsh.
  - Cannot see the relevance of this question. I am not a Welsh speaker nor are any of my family (also Welsh) or friends or colleagues or neighbours. I prefer to see the levy as a means of levelling up.
  - Do not know
  - Do not understand this question in the context of the survey
  - Don’t think it’s an issue regarding the subject matter

- Dylid bob amser hysbysu'r ffaith bod yr iaith Gymraeg yn cael ei defnyddio yn Sir Fynwy a bod cyfleoedd i bawb fanteisio ar hyn, boedd hynny mewn addysg neu dysgu'r iaith yn oedolyn. (The fact that the Welsh language is used in Monmouthshire should always be informed and that there are opportunities for everyone to take advantage of this, be it in education or learning the language as an adult).
- Empty houses force Welsh families to move away (in our case FoD) and our community suffers from these Welsh learners forced out of the villages.
- Hard to say without knowing more about the language preferences of property owners and the culture of the residential areas in which properties are located.
- Honestly don't think there would be any impact on Welsh language uptake. Welsh is rarely spoken in my home town. I have been taking Welsh lessons as I believe it important to preserve the language and culture of Wales.
- Houses for local people i.e. Welsh, would preserve the culture and language as we are at severe risk of diluting these and is that not what people love about visiting ??
- How many council employees speak Welsh and use it daily? Not many... absolutely no use at all.
- How many of the second homes are owned by families with school age children who are primarily educated outside of Wales? If this is a significant number, then it could be argued that fewer children with an interest in the county are exposed to Welsh language education.
- I believe the Welsh Language should be preserved but realise it is not a commercial language -A great Cultural asset to be encouraged .
- I cannot see how this has any impact on the Welsh language.
- I cannot see how this survey on second homes or empty properties will have any impact on the Welsh language.
- I cannot see that they would have much effect except I suppose second home owners are less likely to have an interest in the Welsh language - but that is really rather a tenuous link.
- I cannot see they would have any direct affect.
- I can't foresee any significant effects on opportunities for people to use Welsh or the treatment of the Welsh language. Perhaps encouraging empty properties or second homes to be made available for people to live in full-time would enable families with young children (learning Welsh at school) to stay in the county and therefore help sustain/grow the use of the Welsh language in our communities... but I think this would be a minor effect.
- I can't immediately see how raising council tax here would impact the development of the Welsh language. Perhaps I'm just being twp.
- I can't see a link
- I can't see the relevance
- I can't think of a negative effect. A positive effect could be enabling communities to retain more people with local connections and with the rise in learning of Cymraeg it will surely underpin a Welsh identity thus supporting the use of the language and acknowledgement of the culture
- I do not believe this will affect the Welsh language.
- I do not see any relationship between these proposals and the furtherance of the Welsh language in the Monmouthshire area. This question is more applicable to seaside towns such as St David's or Barmouth where there is a much stronger argument that second homes are to the detriment of the local community. Having said that, it should not be forgotten that immigration can bring a vibrancy and increased wealth to an area. It's a matter of balance and perspective.
- I do not see any relevance.
- I do not understand how this consultation affects the Welsh language as the primary language in the county is English with even the majority of parents of children attending

Welsh schools speak to their children in English witnessed by myself as living in close proximity to a Welsh speaking school.

- I don’t consider this question relevant to the key issue - empty homes. (I can speak some Welsh)
- I don’t feel qualified to say really and I am not a Welsh speaker. However I am sure people owning 2nd homes on the scale it is in the county is not hampering efforts to spread the use of the Welsh language. It would be misguided to think that any reduction on the relatively small number of 2nd homes would mean mean more Welsh being spoken. The increase in use of the language is concerned with schools and culture not reduction in a small number of 2nd home owners
- I don’t see a connection
- I don’t speak Welsh. This question seems random.
- I don’t think it will make any difference
- I don’t think there would be any effect on the use of
  Welsh language in this area which is little used anyway.
- I don’t think this applies?
- I don't feel competent to answer this question.
- I don't think our county is an area where this will have a big effect.
- I don't think there's any connection or relevance. They are separate matters
- I don't think this will help in any way
- I feel that increasing the council tax on second homes would actually incentivise people to buy second homes outside Monmouthshire and Wales. Many new learners of Welsh (or, like myself, those who learnt as a child and are now re-taking Welsh lessons in later life) would therefore be lost, in a county where Welsh is not habitually spoken, but has seen a resurgence in recent years with many incomers from England taking up Welsh or sending their children to Welsh-medium schools.
- i feel we promote a strong advocacy for Welsh language and that maybe people who can speak Welsh e.g. in shops etc could display a sign so that it would help to hear it more
  more Welsh language classes for adults in the evenings
- I have no firm opinion on this matter. I like the idea of a good strong Welsh speaking tradition though.
- I have not seen evidence of local people wanting to learn or speak Welsh. If tourism was increased, it may increase people's interest in learning Welsh as that would become part of the tourism industry.
- I hope that the proposals would have a benefit on the use of the Welsh language as the encouragement of the use of Welsh is important for Wales and it’s cultural identity.
- I love to hear people using the Welsh language and do not feel that there would be any change to the opportunities for people regarding the Welsh language.
- I see no effect on the Welsh language from these proposals
- I sincerely hope your actins would not discriminate against English only speakers in Wales.
- I speak English not Welsh so need everything in English. Happy for Welsh speakers to have everything in Welsh. Bilingual signs are good.
- I think it would have no impact, Welsh speaking in Monmouth is limited to a small part of the population
- I think this question is a little odd and seems to be box-ticking for WG
  My idea of restricting people having second homes from outside the county could only support the Welsh Language.
- I would not see these proposals having an effect on the Welsh language. The impact on housing stock will be small.
- I’m not sure this is a bit problem in Monmouthshire but if it encourages second home owners to sell to Welsh people it can only improve Welsh language use and provisions.

- Idiotic Public sector speak.
  What language people speak should have no effect whatsoever on taxes they pay.
- I'm afraid that I have no desire to promote the use of the Welsh language, having grown up in Europe where different languages predominated and they, along with regional differences - do you know how many versions of German are commonly in use? - at least three - and it all works perfectly well to this day.
  In fact I'm against road signage being bilingual - I think it's a distraction that is liable to cause accidents. There's many a time I have driven past a sign without being able to sort out the bit that I can read.
- I'm not sure how relevant this is to this particular issue, but I am all in favour of promoting the teaching / learning and use of Welsh as widely as possible. Lose a language, lose a culture.
- Imposing penalties on second home owners may run counter to the objective of allowing or encouraging lifestyles in which people engage in both Welsh and English languages and cultures.
- In a largely English speaking county, I doubt that the changes would have a significant impact.
- In Monmouthshire there would be minimal effect on people using the Welsh language. The majority of Monmouthshire Local people born in the county and their parents and possibly grandparents do not speak Welsh as a first language they speak English.
- Increased sale of 2nd homes, possibly increasing the number of children in local schools, which would then be over subscribed, so detrimental.
- Increasing the Council Charge for second homes could limit or reduce the number of properties left empty or used as holiday lets, thereby having more long term usage by families. They can have the opportunity to learn of the county's wonderful Welsh heritage, to value the meaning of its descriptive place names and to have their children attend our Welsh language schools
  It is most encouraging to have many incoming residents to Monmouthshire as well as long term residents, now learning the Welsh language. Many of these have become very proficient and make a valuable contribution to the Welsh language activities in the county.
- Inhibiting the tourist trade would lessen revenues for Wales, leaving less money to spend on promoting Welsh culture.
- Irrelevant to this consultation.
- Irrelevant. What a ludicrous question to ask. And it suggests increasing council taxes for certain properties has some anti-foreigner undertones to it.
- It is possible that the proposals may lead to more people living permanently in Monmouthshire and, therefore, a few more people speaking Welsh (which is good). I don't think it will have a huge impact on the current situation.
- It is wonderful that the beautiful Welsh language is now starting to flourish. I do not think that the second home owners will have any effect on this one way or another. It is substantially an issue for those almost certainly with first homes in the county/country who have a choice unless of course they are in roles which require the ability to speak Welsh as well as English (if they are indeed English speakers).
- It matters not.
- It sends out a message that outsiders are not welcome, don't do it.
- It won’t have any at all. No one ever speaks Welsh in Monmouthshire anyway.
- It would improve future prospects of the Welsh language by releasing housing in rural areas for locals and not diluting population of Welsh speaking areas. I recognise that it could be interpreted as racial bias.
- It’ll have very little effect either way in Monmouthshire
- likely to improve the opportunities for people to live permanently in Monmouthshire and may therefore increase access to and use of Welsh

- Little impact in a relatively non-Welsh speaking County.
- May help Welsh language if more people lived in towns and support local services and courses etc.
- Minimal
- Monmouth, specifically, is a border town, and thus highly unlikely to adopt Welsh as the primary language, the same as border towns around the world. Enabling the locals to live where they were born, and afford to bring their children up here would increase the use of Welsh, since it is taught in schools.
- Monmouthshire has been Norman French, latterly English speaking for over 1000 years. Because Edward Heath erroneously believed it was Wales, doesn't mean it s populace need spend time learning a non-native tongue
- Monmouthshire is a part of the United Kingdom. The language of the UK is English. People are free to speak Welsh or any other language but it should not be forced upon us. Why not consider Polish - probably more people speak Polish fluently in the area than Welsh.
- more events, learning classes, advocacy for people to speak it around town.
- More local people living in holiday hotspots that are currently excluded by price - this would improve the extent of the Welsh language.
- More permanent residents would increase the chances of embracing the Welsh language
- Negative and detrimental. We should be welcoming visitors and non-residents.
- Negative effect
- No effect.
- No effect. Welsh language is surely a personal matter depending on region and family history. I firmly believe that to try and force parity between English and Welsh would be counter productive. English is a global language Welsh is not.
- No impact on Welsh language in Monmouthshire.
- No views on this
- No views, Born in Monmouthshire. Never taught it .Never needed to use it. This is border country , plenty can't grasp English so what chance Welsh. Its good to teach but English speaking only Welsh people should not be discriminated against. Cymru am byth!
- None - stupid question
- Not applicable Welsh is not spoken in this area
- Not relevant to this important consultation.
- Not something that concerns me
- not sure as I am not a Welsh speaker.
- Not sure how this is relevant.
- Not sure that it would have any effect
- Not sure what this means. Releasing empty properties may help with outward migration of Welsh speakers?
- On the Welsh language in Monmouthshire, none!
- Penalties for second home ownership would deter lifestyles which allow people to engage in both Welsh and English language and culture.
- Ridiculous question - this is about council tax premiums to fund homelessness - no idea how that links to the Welsh language.
- Second homes have a huge negative impact on the Welsh language, as native speakers switch to English to accommodate non Welsh speakers needs socially and in shops etc. Changes the dynamics of an area.
- Second homes have a negative effect on the Welsh Language and reduce the opportunities for Welsh to be spoken regularly in the communities where there is a disproportionate amount of second homes.

- slight improvement
- Sorry but I don’t want to answer this question
- Sorry but I have no experience or knowledge enough to answer this. Being a grandparent of two who are fluent Welsh Speakers, I can but refer the question to them. They will give feedback in a separate survey questionnaire.
- Supporting local people who are more likely to speak Welsh to live in Welsh houses.
- The more second homes, the more English speaking presumably but I'm not sure how many Welsh speaking communities there are in Monmouthshire.
- The Welsh language should not be promoted as it is at present. The cost is prohibitive and not justified.
  Welsh should be a voluntary language not an induced one at vast expense. In Monmouthshire it is totally unnecessary to promote the language in schools
- There would be no effect on the Welsh language.
- This drive to establish the Welsh Language can be very divisive and raises divisions rather than contributing to community.
  Are we saying that there are second class citizens because they do not speak Welsh.
- This will have no effect at all on the Welsh language.
- This would have no effect on the Welsh language whatsoever - it seems idiotic to even consider this. Welsh language is important for Welsh people re Welsh culture, heritage etc, but English is important as it is the international language. Welsh people should be encouraged to be bilingual as for example in the Nordic countries.
- Undecided
- Unfortunately I do not speak Welsh, but belief that not being Welsh impacts on the culture of an area, which is especially applicable to Monmouthshire being on the border with England.
- Utterly irrelevant to this survey
- 'views on the effects that the proposals would have on the Welsh language' - I assume you are talking about the increased rates. If we get more homes occupied all year, these increase the potential for more people with children going to Welsh language schools. My brother and his wife moved from Bristol many years so their children could be brought up speaking Welsh. Affordable housing by removing these 2nd homes will help more people.
- We are in favour of preserving the Welsh language and culture - Ms Davies was brought up on both and has Welsh speaking heritage. We do not think that outpricing second home owners will affect these issues - adversely it may impact negatively on the local economy.
- We support the Welsh language as our grandchildren are Welsh and will be brought up speaking the language. However, I do not believe that Monmouthshire has a high proportion of Welsh-only speakers.
- Welsh language was nearly annihilated in the 80s and we need to preserve our culture and heritage..its our identity as Welsh not English
- what a waste of money the Welsh language is the is so much that the money could be spend on like our hospitals
- Whether or not this proposal is adopted, it will have no effect on the use or otherwise of the Welsh language.
- Would not effect the Welsh language
- As I understand it there are no proposals as yet. It is a consultation on whether the Council should use its discretionary powers. However, I think that if the Council introduce a premium on second homes in Monmouthshire, less people who are Welsh by birth will buy here. They will look elsewhere.
- Bilingual signs

- I can't see a feasible solution to the Welsh language problem - unless you make it mandatory for all second home owners to attend Welsh classes, which would be impractical to organise and impossible to monitor and enforce.
- I do not believe this would affect learning the Welsh language.
- I don't know. All I do know is that while at school in Ebbw Vale in the 50s and early 60s - EV was in Monmouthshire - we were not compulsorily or routinely taught Welsh. This is a great regret in my life, and I think this has had a greater impact on the Welsh language than any of the proposals might have, either positively or negatively.
- I speak and read Welsh as a native of Gwent where I was born in 1959. I use my Welsh verbally whenever I can and am fluent. I think everything should be done to extend the use of Welsh in the County as it is part of Wales. If I wanted tenants I would favour Welsh speaking tenants and I use Welsh with my neighbour at the property in question. Second homes in Wales should be severely restricted in favour of native residents.
- I think it would have a neutral effect.
- I'm not sure what this questionnaire on property has to do with my sexual orientation, religion, or the Welsh language. My family has lived in Monmouthshire or Herefordshire for three generations, and I think anything that is done to create friction between the English and the Welsh is unhelpful.
- If learning Welsh privately, lessons may have to be forfeited and thus lessons stopped. This will have a detrimental effect
- It should not be possible for the Welsh language placenames to be anglicised be they homes or geographical features in the landscape this is our heritage and spells out what Wales is about. Diolch yn fawr am cymryd amser i ddarllen yr atebion dwi wedi rhoi.
- The CLA policy on Welsh language is that the Welsh language should be used in a positive capacity not in a negative or discriminatory capacity. Where there is legitimate value to be added to a business operation through use of the Welsh language or there is a desire from the owner / land manager to conduct business through the Welsh language then this should be encouraged and supported. People who do not wish to do this should not be treated negatively.
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- The increase in taxation should not be on disabled people and old age pensioners. Maybe personal working could pay in proportion to their earnings?
- The local community that I visit do not speak Welsh so I don't see how it would be affected
- The proposals will have no effect.
- There will be absolutely no effect on the language.
- There would be no effect.
- These proposals have absolutely nothing to do with any aspect of language. While I understand this is presumably a required question to all consultations, surely it's obvious that a question about taxation doesn't impact language?
- These proposals have absolutely nothing to do with the Welsh language, so I don't see how it can possibly have any effect in any way.
- This is a completely silly question and has no bearing on the consultation whatsoever
- This is a completely silly question and has no bearing on the consultation whatsoever
- Very Bad proposal .
- At the age of 84, I am too old to learn Welsh, but I understand any concerns

- I believe these proposals could be harmful as it further enshrines difference and seeks to 'other' people not presumed to be Welsh or presumed not to be interested in learning the Welsh language.
- I think it will be neutral, save that it may exclude people with a real love for Wales and it's language.
- I'm not sure how council tax premiums will help the Welsh language? Legislation on equality of language along with funding for schools and the arts are the only known way to promote a language that i am aware of? given that the majority of the richest people and entities are outside of Wales, making Wales more expensive is likely to damage the Welsh residents by pricing them out of the markets
- It will have no effect
- Monmouthshire is primarily a non Welsh speaking county so this would not have any effect on the Welsh language.
- My children attended a Welsh-medium primary school (in Powys) and a Welsh-medium secondary school (Ysgol Gyfun Gwynllyw in Monmouthshire). I had to pay for them to use the school bus for Ysgol Gyfun Gwynllyw (because we lived in Powys), but I am so glad they had this opportunity. In my experience there are many Welsh people, born and bred in Wales, who have no interest in the Welsh language, whereas there are many people, even those without any Welsh heritage, who take the trouble to learn Welsh and send their children to Welsh-medium schools, so I do not think you should be overly worried about the Welsh language being treated less favourably than English. The council could perhaps notify residents about Welsh classes rather than leave it to chance that they find out about such classes !
- None. The proportion of homes involved is too small to have any discernible effect on the Welsh language.
- This is a very difficult question to answer it almost borders on ridiculous
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Appendix Four: Consultation responses – Long Term Empty properties

Yes to premium:

- A lot of properties are just left to go to ruin and I presume no council tax is payable as they are not occupied.
- A number of houses in our village have been empty for several years , and we are seeing young families who are brought up in the village yet can't stay in the village and forced out.
- A year isn't a 'long' time. Two years is. Renovating from derelict listed property certainly takes a lots of time, it also takes a lot of money, less money perhaps if you take more time and do it yourself…..
- Absolutely. There are a number of empty homes in Wyesham, which have been unoccupied for over 10 years. We have families desperate to stay in the area, but have limited options.
- Accommodation is in such short supply, empty homes should be discouraged
- All properties should be put to good use
- All properties should pay full council tax.
- All properties that are empty for more than 1 year should automatically be charged the Max rate that can be applied.
- An appropriate amount should be determined for each case.
- As well as a premium, owners should be made to keep properties to a minimum standard of repair and not allowed to let properties rot away.
- Class 3 should be exempt
- Clearly this will depend upon the circumstances and exceptions should be considered where significant refurbishments have been required or the property has been marketed and is just not being rented. If all efforts have been made the property should be exempt from a levy but if not then this would encourage sale or letting of empty properties.
- Council tax is based on property not persons and is for the provision of services to all households
- Definitely. The property owner should be doing everything in their power to bring that property back in to use. Too many properties on the high street, I know from experience look for extortionate rents and/or increase rents once they have a tenant, squeezing them out of business. Only by making a deterrent of the 3 X council tax for it being unoccupied, will make these landlords keen to look after their tenants, as opposed to seeing them as a easy way to generate money. I have run my own business, I am in favour of fair business. But not what I have seen with some of these property landlords.

- Do not think second homes should be allowed to be free of extra costs Do not think second homes should be allowed in the first place

- Empty houses should be in use to house people that need then. It's a waste to have an empty house and there is no reason for it.

- Empty properties bring no economic or social benefit to the community and the council tax premium can start to make up for that to benefit the residents. This is assuming the exemptions laid out are retained

- Empty properties should be brought into full time use. Protects communities and make more housing available.

- Given the need to achieve a greater number of homes, penalising owners of unoccupied properties seems an obvious course.

- Homes are in short supply for young people. We must do all we can that homes are available to ensure people can stay in their locality.

- Homes can be empty for many reasons. There should be incentive not to leave homes empty, however emptiness due to renovation should be exempt from excess charges for a maximum period of 18 months providing the renovation is clear and evident, work is in progress and a reasonable statement of the work scheduled and the time to be taken has been made.

- Housing is desperately needed in the county and it seems an outrage that there are so many long-term empty properties which could house those without a home (for whatever reason).

- I am aware of several long term empty properties in and around Abergavenny. There appears to be no incentive to move these properties into occupancy. All properties should pay Council Tax.

- I am concerned over the lack of data when it comes to quantifying 'extremely large numbers of homeless' and the associated cost. You have quantified the number of long term empty properties and second homes but if there are thousands of homeless say and only 400 long term empty homes, it is not going to solve the issue is it?

- I feel that this premium should also applied to properties above a retail premises where multiple floors stand empty and in a poor state of repair. There are many examples of this on Monmouth High Street.

- I have a property adjacent to mine that has been empty for over 10 years. The garden is not maintained and causes me issues as I am supposed to talk about the evergreens according to the policy on this but I can't.

- I have answered yes, but I am assuming this is only for residential property, not business premises?

- I know of several empty three bedroom family homes in Usk. On investigation we discovered an empty house on Priory Gardens, unoccupied for thirteen years, where the owner was registered with the doctor in Usk despite living in Newport. There are other buildings such as The Royal Hotel Usk which remains closed for ten years and cannot be sold because of a family dispute.

This is an ongoing problem and with the crisis in housing is totally unnecessary and both selfish and uncaring by the owners.

- I share the Council's concern over homelessness and see the force and value of this proposal.
- I think it is important that owners of empty properties should think very hard about maintaining that emptiness
- I think it's appropriate and measured to provide an encouragement for long-term empty property to be returned to use. This will help to encourage home owners to return the property to effective use and for occupants to contribute to the local economy.
- I would like to see a levy on second home owners when permanent housing stock is used as a holiday home or kept empty for months at a time. I would exclude caravans, one-bed cabins and such like, glamping pods, yurts etc - those building that do not have foundations or could be considered moveable.
- If a property has been empty for a year or more then one has to question why? Perhaps the Council should encourage the owner to work with them to restore the property to a habitable state so that the Council can use the housing stock for housing people in need. If this was agreed then the property owner could be refunded the premium taxation but, the incentive for cooperating with the Council must be that the housing stock is 'given' over to the Council to use for a period of time. A win, win.
- If a property is empty long term then it could fall into disrepair and benefit no one
- If long term is defined as 1 year that is a reasonable amount of time to refurbish the property. There would need to be exemptions for demonstrable specific circumstances e.g. legal, planning or building delays.
- If you are affluent to afford additional housing then yes,
- In these days of Housing shortages, it is nothing short of criminal neglect to have properties left empty on a long term basis, clearly the owners can afford to do so, therefore need some incentive to get this Housing stock back on the open market.
- It could help with housing for local people
- It is a concern that these properties haven't been targeted before. In the current economic climate and housing crisis, these properties are a disgrace to our county.
- It is important that we utilise such properties to support the vulnerable
- It is right to encourage occupancy of empty homes.
- It makes no sense, morally or economically, for homes to stand empty while there are people who, for whatever reason, find themselves homeless.
- It seems to me to be a "no-brainer" to try to reduce the number of empty properties when there are people without homes or forced to remain in the parental home.
- it would help the council with regard to the budget impact as a result of the cost of living crisis
- It's a disgrace that properties can be left empty and left to the elements until they basically are so run down they have to be demolished . When I lived in rogiet from 2012 a property in Crossway was empty and degrading as well as the rogiett Hotel in station Road...still to this day no one living or using the property so this tax would make profiteers think twice about keeping empty properties. It's a money making enterprise .it spoils communities and is an ugly eyesore
- Leaving homes empty long-term when young local families cannot find somewhere to live is unbelievably selfish
- Long term empty is an issue, but the council should explore why this is the case. For example, there could be an on going court case about sales or ownership. It could be that the occupant has had to move away to get a job and is struggling to sell.
- Long term empty properties should be charged a high premium to encourage selling on / letting to homeless charities.
- Long term empty properties should be discouraged.

- Long term empty properties that are not carrying out the business that they are designated for.
- Long term should apply to properties empty for six month or more.
- Mae anheddau gwag dim ond yn cronni gwerth tra'n cyfrannu dim i'r gymdeithas leol. (Empty dwellings only accrue value while contributing nothing to the local society).
- make it punitive to reduce the number of uninhabited dwellings and to reduce the proliferation of holiday homes
- Many people are waiting for a home, be what that may, a roof over their head!
- My children both at home still, because they cannot afford to buy in the town they were born in. If people can afford to own 2 homes they should be able to afford to pay council tax on them both.
- my neighbourhood has almost 30% 2nd homes to the detriment of the community
- My only concern is the reason for the property being empty and if charging more council tax will prevent owners from carrying out repairs. Conversely increases in council tax may encourage owners to carry out repairs and get property ready to rent out.
- On properties that are just left unoccupied due to dispute or disrepair. Not on occupied rentals, holiday lets and second homes.
- Once they have been empty for a year (or so), then it seems reasonable to charge a premium to encourage people to do something with them.
- Only if there is no valid reason for the property being empty.
- Our towns and villages would thrive with less empty properties within them
- Owners of second properties in Monmouthshire have driven up prices, so now youngsters are unable to purchase their first home in the county. I have two daughters, one now is forced to live at home due to the high rents and house prices. It just seems now the rich are getting poorer and the poor are getting poorer.
- People should not be able to hoard homes, they need people in them.
- Several of the empty buildings in the county are structurally unsound and pose a danger to the public. I live next to one such building which the owner refuses to make safe, despite the fact it overhangs the main high street, the garden is full of rats and completely overgrown and the electrics are exposed to the rain and are dangerous to the residents next door. There have previously been pigeons inside and there is moss growing inside. Letting these buildings fall into this level of disrepair is unacceptable, especially as the high street is currently declining to the point where most buildings are becoming too far gone to even consider repairing and becoming habitable or viable for commercial use. It is also unacceptable that the people who own some of these empty buildings that have been allowed to fall into such disrepair, and that the owners are allowed to maintain possession of these buildings.
- Suggested extension of exemption for homes that are for sale for over a year provided that evidence has been supplied that every effort is being made to sell the property (including reductions in price etc) and that where sales have fallen through it is of no fault of the seller. And that this is limited to a 2nd year extension.
- The council has a duty to its residents / citizens first - not to enable influx of second home buyers who then create a market in second homes and push up prices to make properties less affordable for people already living here
- The Council should use all and every power at its disposal to bring long term empty properties into use, including offering owners the opportunity to rent them through the Council
- The county is in desperate need of properties to house the homeless, if people cannot afford to make the property habitable they need to consider whether it would be better if they sold it.
- The housing crises can only be abated by making more homes available. There is as shortage of building land and increasing pressures caused by new housing on local

infrastructure. Under used property add the to problem and a premium on these would contribute to tackling the problem that they cause.

- The levels of homelessness in the County are high. Council funds are scarce and have to be shared out wisely. As a society, we have to all think differently about tackling the housing crisis. Many long term empty property owners may not realise that an empty house contributes to a housing problem. Introducing a premium could make then think and manage the property more appropriately.
- The need for local people to purchase to stay in their community
- The owners need to do up properties to rent out to families, the housing crisis will never get any better.
- The owners should be contacted by MCC to establish why the property is empty. Assistance could be provided to help advertise the property or help with repairs, if required. Owners unwilling to liaise with MCC should have the premium imposed on them.
- The potential loophole of substantially furnished needs to be closed so that it isn't possible for the owner to put crappy furniture in rooms in order to claim that it fits the criteria.
  Is it possible to investigate the option to compulsory purchase any long term empty property?
- There are exemptions for certain circumstances such as longer term hospital or residential care. As long as common sense is applied to the handful of cases where there is a genuine reason for the property being empty (such as owner missing but not declared dead) I see no reason for it.
- there are loads of empty homes just used for holidays which then effects money spent in local businesses, schools etc. there are young families, homeless, etc looking and desperate for homes that cant get homes as they are being bought up quickly for holidays homes. Monmouthshire is in need of a change i think its a brilliant idea.
- There are too many empty properties in the areas of Rogiet and Caldicot that could be used to ease homelessness.
- There are too many empty properties owned by people who seem in no rush to develop or sell. Need to ensure all buildings are used.
- There is a housing shortage in the county and we (society) should be taking every measure possible to address this.
- There is a shortage of homes for people, if people can leave properties empty they must be living somewhere else
- There is an urgent need of long term residential accommodation , particularly for young people wanting to work in Monmouthshire. As there are already, a considerable number of dwellings which are left vacant year after year. We are losing these dwellings to long term occupation. In an effort to address the problem we are also losing large swathes of green field sites for new build some of which could be reduced by full occupation of existing homes.
- There is no excuse to leave a property empty in the current climate. People are desperate for homes. An empty property deteriorates and attracts vandalism
- There is no reason why a property cannot be in use
- There needs to be a large incentive to ensure empty properties are occupied without delay, in view of the accommodation shortage.
- There needs to be this 'incentive' to make some people free up empty dwellings to help thy housing crisis. There's been one such empty property for over 10 years in our road!
- There's a housing shortage already. My husband and I both have good, well paid jobs in the local area (Caldicot), yet we can't afford to buy a home in Monmouthshire.
- these properties effectively reduce the available stock of housing and push up the price of what accommodation is available. At the very least, owners should contribute to the social welfare of Monmouthshire residents whom their selfishness is affecting

- They had this where i loved previously and it helped reduce empty homes
- They should be available for housing.
- This is an excellent idea. It wont be popular with some people but there are a number of properties in my local area that have been derelict/empty for years and this housing could be put to good use. As a county we have to do everything we can to tackle problems of homelessness and this is probably the only way left for the council to address it.
- This is an issue that may be appropriate in extreme cases in urban areas where there are the right services and facilities for people who need accommodation but the high levels proposed should be only in very exceptional cases, and not as a blanket penalty.

  In contrast to urban properties, Rural properties have little in the way of employment, no transport nor sufficient facilities, and as such they are completely unsuitable to solve home shortages and should be treated completely differently.

  Also the one year exemption for repairs to properties is completely unrealistic. Older properties need several years to bring them up to modern standards with proper utility services, heating and insulation etc.
- This is essential to protect local communities. We have visited West Wales for holidays twice last summer and have been shocked at how the places we once knew are dead with no local communities left
- This will be an incentive for owners to utilise the buildings to benefit the county
- This would force owners of empty properties to do them up and rent them out or sell them.
- This would help bring more, much-needed homes, back into use and raise (again, much-needed) revenue for the council.
- To make owners of empty properties make a fair contribution to the local community.
- too many long term empty properties that are an eyesore just being held onto by greedy landlords protecting their 'investments'
- We have a housing crisis and it needs to be addressed. Premium should maybe scale up if empty longer than a year.
- When accommodation is in such short supply, it's morally reprehensible to own a property which isn't being lived in full time
- While there is a significant amount of homelessness and while local authorities are starved of resources for providing enough affordable accommodation there must be a deterrent to keeping existing dwellings empty. A secondary benefit would be the increase in resources to help the homeless.
- With housing costs (building, buying and maintaining) and increased homelessness pressures, for property to sit empty seems so wasteful and to have more than one property a luxury. If owners choose to continue to do this then applying a higher charge to better support the challenges of homelessness, vulnerable people and communities where the property is feels fair.
- With so much homelessness and not enough social housing, please charge those who deliberately keep properties unused. However, there are two further exemptions I would like to add, or at least a right of appeal.
  1. I recently had a property on the market for four years while seven sales fell through. I was paying full rate Council Tax throughout and it nearly bankrupted me, through no fault of my own - offers fell through because of Brexit, Covid, inability to get a mortgage, etc etc - I really tried my utmost to sell this property and it was punitive enough to have to pay full rate Council Tax. Maybe there should be a right of appeal on a premium?
  2. Some friends have a property they are trying to convert to liveable accommodation but have been unable to proceed because they are held up by the MCC Planning

Department who, quite rightly, are being very fussy about the conversion of a very old barn. A right of appeal on a premium would seem appropriate.

- Yes as it should act as an incentive to occupy the property or sell it.
- Yes, as is relevant to second homes as a luxury to living standards of the owners. However, discretion is needed for a range of reasons for absence from property when it is a persons sole residence. Such persons might have very low financial resources. I am one such person who must retain ownership of my own home , but on a small pension, because in my case I am disabled and long term sick , and my carer resides in another nearby country , who can not yet leave his very elderly mother, who was in a care home there. . This arrangement is finite. Rather than list other examples of possible exemptions, I state that absolutely, there are many people who through force of circumstances, are unable to live in their primary property for unspecified periods of time. Limiting the exemption to one year .. can be unrealistic.
- Yes, providing that the money raised is used for suitable purposes.
- young families from Monmouthshire need to have fair playing field to purchase properties its all being given away to cash buyers who are rich from other places
- Empty properties don't contribute to the community or local businesses and can bring down the look of an area if not maintained.
- Talk to the owner of the property to find out why it is "long term empty"
- There is no incentive to sell or let empty properties and this may incentivise the sale or let by the owners.
- To encourage occupation, charging an empty property premium is an encouraging exercise, however, we understand that there is an array of varying factors that require consideration for extended timeframes where properties are left empty. There is a need for more flexibility for refurbishment to properties that are empty, especially with the cost-of-living crisis.
- You need to establish WHY the property is empty. if it is for no good reason, the owner should be given a limited time to do something about it, otherwise a penalty will be imposed. Good properties which someone could buy or live in should be occupied.
- definition of a long term empty property should relate to a dwelling that is completely separate from the land containing the main / first home
- Long term empty homes are of no benefit to the community or of any enjoyment to the owner. It would be however useful to determine the reason for these properties being long term empty. Disputed Wills etc should not be penalised.
- Only if that the property is not being maintained or is causing detriment to the local residents and/or environment
- Where possible, empty properties should be occupied

No to premium:

- A charge would reduce the availability of improved accommodation in the county
- Annex's which under the council's definition could be termed 2nd homes, or long term empty properties generally form part of the main house (with a single address for the whole) and therefore cannot be sold separately. This point is generally laid down and enforced by the council's own planning rules and therefore annex to a main house and used by the family should not be subject to the proposed premium.
- As full Council Tax is already being paid but no services are being provided (which must be the case if the properties are empty) then the owners are already contributing significantly more towards the provision of Council services than others. Also, if an additional charge is levied that is as likely to cause the owners to render them uninhabitable as it is to make them rent or sell the property. It is certainly what I would

do, which would mean the Council will receive less money not more.

In my case the property in question is a one bedroom flat above my garage. It was built because the previous owner had a daughter who required 24/7 care and the carers required somewhere to take their breaks. It was not intended to be for permanent occupation and is not suitable for it. It is on the same plot of land as my house and within 10 feet of it. In no sense is it a property I would consider letting to others or that I could ever sell. Accordingly, rather than pay even more Council Tax (which I wouldn't be able to afford) I would just remove the kitchen and bathroom and just use the building for its primary purpose, which is as a garage.

- Because you are already charging 100% council tax on the empty property, the owner is still paying the council tax fully so charging a premium especially up to 300% is very unfair.
- Being charged 100% of council tax currently is sufficient to discourage long-term vacancy without good reason (for residential properties).
- Could be empty due to flood, damage etc
- Council tax is meant to pay for services used, not for
  Political purposes. Empty buildings do not use services
- Council tax should not be used as a penalty in some kind of class war. There should be other measures available to deal with unoccupied properties.
- Each property, given that there are only 400, should be treated individually. I suspect many of these are uninhabitable/need considerable work to bring them up to acceptable living standards. Charging more Council Tax will potentially make this less likely. If a property is empty it is not using any services for which Council Tax is charged. More positive schemes should be used to encourage long term empty property's homeowners to bring properties back to use.
- Empty houses don't use services so they're already paying over the odds.
- Greedy Council. Thin end of the wedge.
- How about helping landlords instead of penalising them? Rent Smart Wales is a disaster and landlords in Wales are selling because of it. If you're not careful you'll have no rental properties, housing market crash and more homeless people.
- I do not believe it is fair to further tax individuals (who are likely already high tax payer) to make up for poor management of public finances by both successive governments and local councils. Effective long term strategies need to be developed rather than additional tax burdens.
- I think when a relative has passed away or is in a care home it would be unfair to charge the family as a result.
- If a property is empty then they aren't using any services provided by the council, as such it should be more likely that a re-bate should be provided not charging a premium, that would seem fairer. You should look at charging more for households with more people in the property, that would seem fairer.
- If any further council tax is added to a 2nd home owner, I fear it will deter people from buying properties, and those who already have a 2nd property selling up. And as much as people are upset about 2nd home owners, they provide extra revenue by letting out their properties. I understand local people are upset as they are no longer able to buy their own county. If the council decide to go ahead with their plans, I think the lowest amount should be charged.

  The other alternative is to say 2nd home owners can only rent out their properties to locals. I know 2nd home owners have 2nd properties so they can rent out in the summer to gain revenue for themselves.

  I fear if we keep bashing the English, we will drive anyone from buying in Wales, thus losing revenue from those visiting.

I absolutely love Wales and moved here in December 2019 as my mother in law was ill then, sadly passing away in 2020 leaving us her house. We sold our house in London, in order we could devote all our time at our home in Wales as we could not afford to run both properties. My mother in law was born in Raglan and father in law in Mertha Tydfil so we have connections in Wales.

- If the owner of an inherited property is undertaking repair and renovation of that property prior to occupancy and that work has to be done over a long period of time then I feel it inappropriate to charge a premium. Those persons are not depriving others of a home and should not be penalised for being fortunate enough to have had family that worked hard to provide for their families. An increase in premiums would possibly force an undesirable sale.
- If there is an extra charge ,the full exemption should remain in place for the whole time when the property is on the market as some properties are difficult to sell.
- If they don't use the full council services why should they pay more money
- If you already collect 100% charge from them (noting the owner may seldom use the local service) where is the justification to charge more - aside from an assumption that the owner can actually pay more
- If you want to resolve the availability of homes for rent, fix the tax system which punishes landlords (section 24, etc.)
- In breach of article 8 of the Human rights Act. A disproportionate interference with a right to property. Also article1 of part 2 of the first protocol is engaged.
- In my case the property shares a drive with my main house and is used as an annex. I have no problem with paying the normal tax although the property does not use a lot of the council services.
  It seems odd that if I moved in as a single occupant I would get a discount in spite of increased us e of council services.
- In this current economic climate a lot of long term empty properties just wouldn't sell.
- It is not as simple as this . There are many issues at play here. Listed building non compliance with modern standards (epc rated mainly). People needing long term hospitalisation and possibly suffering from mental health issues. After all 100% charge for an empty property is good value compared to its impact on resources . This seems to be bullying a minority. Far better to engage with the owners for a solution. Heritage officers charging for pre application advice is an example . In these days of top heavy on the beaurocracey means there is less money for fabric on the ground. Give money to tradesman to get the job done not on creating reams of fine reading material. That's the way to get things done.
- It is often not the fault of the building owner that the property is empty. For example, you may want to complete works to make the property habitable, but money issues means this cannot happen.
- It is unjust and as long as the council is receiving council tax owners should not pay a premium. It is not as if any council services are even being used.
- it is up to the owner of the property how long the property stays empty i had to pay full council tax and used no facilities
- It seems very unfair that an unoccupied property should incur a higher charge when the services council tax pay for aren't being used. Some of these properties might be in the process of a renovation before being sold or let. Having to pay a higher council tax will only delay the renovation as money that could be spent on building materials will have to be used to pay the higher council tax. This means that it will take longer before the people in need of a home are able to move into the property on a buy or let basis.
- It will decrease tourism

- It’s just a tax grab. It won’t make houses any cheaper or affordable. What you need is a long term housing strategy to build affordable homes.
- Long term empty properties are already charged council tax at 100%, whereas previously they had a discount. Council tax is supposed to be a tax to pay for services residents use. If a property is empty then no services are being used, so any tax on empty properties at whatever % is a penalty and not in the spirit of what council tax is supposed to be for. Most empty properties are uninhabitable anyway and by charging up to 300% premium the owner will have less money in which to renovate the property, so make it more unlikely for the property to be brought back to a liveable standard. If the council or Welsh Government want to bring properties back into habitable state then they should offer to buy those properties at full market value before charging a penalty via council tax
- Long term empty properties should be discouraged and should be charged at the full rate without any discounts in order to encourage some form of occupation, but there doesn't need to be a premium.
- Maybe the council should ask. The reason why the property is empty before charging any council tax. My property is empty for a reason which is beyond my control.

- No information has been provided on the scale of accommodation that is empty. The reasons for the uninhabited buildings can be very varied and challenging.
- Not all empty properties are empty due to someone not utilising that space, perhaps its something that they hope to let but financially are not able to do as the property has structural or maintenance work that needs to be completed to make it safe. Charging am individual on an empty property would only increase financial hardship.
- Not all empty properties are suitable to be used for rental
- Not for the first year
- People are already struggling to pay bills. If the property is not being used there are additional services required that are supplied by council so I do not see any reason to charge a premium.
- Planning law often slows down proposals to re-develop properties. If applied, the limit should be 3 years not 1
- Private ownership of property is none of the council's business. People are already paying council tax for these properties but are not using the services provided by the council so the council already has a net gain.
- Property not consuming council services
- Second properties already paying 100 % of Council Tax despite using only a tiny fraction of the services paid for. E.g. Refuse Collection !!
- Seems to be grossly unfair and I’ll thought out legislation. It doesn’t take account of peoples ability to pay or their personal circumstances and from what I understand could be applied to buildings which are little more than a hut. I don’t think people will object to you using a carrot to bring these properties online, but you seem to be using a stick and a big one at that. You need to re look at the proposal and come back with far more exemptions.
- The owners are already paying full rate and not using any local services.
- The property is empty for a reason this would add extra pressure to the owner.
- The wait to get builders to do any work at a reasonable price has stopped me from getting work done that I wanted. I don’t think I should be penalised for that
- There are many and complex reasons why a property would be classified as long term empty. It is unlikely that many are sitting empty as assets of overseas investors for long term gains. It is equally unlikely that these properties would provide suitable stock for communities in need.
- They are already paying full council tax without using any of the services. It is money grabbing and clearly based on an objection to people who have worked hard to be

able to afford a second home. I am rather disturbed that the council.is seriously considering this.

- They may be empty for a good reason not in your criteria, and if already paying 100% council tax I think that is fair.
- They should be reduced as unoccupied
- This should be considered on an individual basis. Asking the question of why the property is currently empty, would be a good start.....
- This would be too arbitrary an approach and there is no way of ensuring it could be applied fairly.
- Those more fortunate should not be penalised why not offer an incentive to those home owners to use the accommodation instead
- Unfair - especially as the properties probably aren't fully utilising the council services but are paying full council tax.
- Usually there are circumstances why the property is empty
- Very unfair to people trying to sell their property (e.g. after a bereavement). My late fathers house has been on the market for a year . We already have to pay 100% of the premium, and do not get a discount like single people
- We are currently renovating a property which we purchased in July 2021. As soon as it is complete (later this year) we will sell our current property and move in to the new home. We don't intend to own 2 homes and the property being renovated is currently not fit to live in - no windows, doors, heating, lighting, plumbing etc, so I don't think a higher tax should be charged in this instance.
- We don't need more more Taxes!
- Why is it appropriate for owners of long term empty properties to pay a premium when if the house is empty then the council taxes resources are minimal so why pay a premium when council tax rates are already high.
- You are not servicing the property by providing refuse collections or other services so what are they paying for exactly?
- Your question is ridiculous, it is a very broad question to reduce the answer to yes or no.
  My particular concern is that after someone dies and the family is left with the property, 6 months is far too short an amount of time, before the premium is charged. Has anyone had the simplest of estates resolved and a property sold in 6 months, two years would be more reasonable.
- For properties that are actively on the market to be sold there should be no charges made. It's simple to get confirmation from estate agents and or websites. The prospective purchasers of my home dropped out just weeks before the anticipated sale and so the property had to go back on the market.

- I have been going to Llandogo for over 40 years as a fisherman and spend several days a year there. As I'm now retired I wanted to spend more time in the area and consulted with the locals I know as to whether they thought it appropriate for me to buy a second home as I didn't want to deprive anybody locally. The response I got was that I contribute as much to the local community/economy as most locals and it was entirely appropriate. When I'm not at the property, I offer it for Airbnb which brings in additional revenue to the local area both for the cleaners and local tourist attractions. If I were to be charged a premium it wouldn't be a viable proposition as I already have to pay nearly £2000 insurance annually to cover Airbnb.

- I understand the reasoning for considering this but there are often a range of complex reasons why a property is empty in the short to medium term. My mother is in a care home and owns 50% of the house I live in at Risca. I am 64 this year and classed as vulnerable by Torfaen CBC where my mother has been in care for four years she is

93. As it is my main home Torfaen will not take it into account when considering mothers assets for care costs. By living here in Risca I protect her but means I have been unable to move to the property near Abergavenny which has remained empty being a former holiday let. So I cannot claim it as my main residence. I do not want to sell or rent out that property as I have done that in the past and find it stressful and increasingly complex. Every owner will have individual issues some may be in various ownership where they cannot agree what to do. I think increasing the CT is too simplistic a solution though understand the reasoning. My property used to sleep 16 as a holiday let and would not be appropriate for a homeless family as it is also very rural which is another complexity in the debate and creates a limited market for renting.

- It is clearly unfair on principle to charge people extra tax when they use less council services. Presumably most empty properties are not habitable. If the intent is to bring an empty property on to the market you should look to work with the property owner to do so rather than threaten them with further charges.

- OBJECTIONS TO MONMOUTHSHIRE PROPOSAL TO LEVY PUNITIVE RATES ON DWELLINGS VACANT FOR MORE THAN 12 MONTHS
  I wish to object to the public survey from Monmouthshire Council asking if they should levy punitive rates on Empty Dwellings. This type of survey simply begs an up vote from those that are sadly experiencing difficulty in finding domestic accommodation whilst at the same time providing no background information on the subject whatsoever.
  What they first need to answer before launching a survey like this is 'Why would any owner (including housing associations) of an empty dwelling that could bring thousands of pounds of income a year (and incidentally still has to pay full rates), deliberately leave them empty?'
  They should know that a certain background percentage of dwellings empty for more than a year has always existed and if you exclude those stuck in sales chains and legal or probate difficulties, the percentage is miniscule and tends to be fairly stable. Most of the rest are either derelict, awaiting or undergoing significant refurbishment or demolition, or cannot be occupied legally due to health and safety issues. Some are simply unviable to refurbish and others are in places that no one wants to live. Recent minimum thermal acoustic and fire liability requirements in older stocks particularly, add to the pile. It is stated that the objective of levying punitive rates is to provide an incentive for encouraging occupation but wielding a stick is most unlikely to change many of these situations in a significant way and could in fact make the issue worse. Such a levy also has the prospect of being easily avoided, so why even consider it. Monmouthshire Council (however justified) is refusing to let significant housing schemes go ahead until the drains are fixed and are therefore themselves directly responsible for a shortage of housing stock. Are they proposing to levy punitive rates on themselves for doing so and on anyone with planning permission but that is not getting on with building?
  I think the answer lies in first trying to understand why each property is empty, offering to fast track any regulation or planning issues and providing grants where it could be of help to get the most likely of these properties back into the market.

- Stop your ripping people off, the council tax charges are too high as it is

- The property is used to enable my disabled wife to get away from the pressures of "town" life, which helps her to cope with her illness. The property is well maintained and promotes the beauty of the county. We are both old age pensioners and would find this financial increase very difficult to cope with.

- There are a variety of reasons why a property may be empty. It may only be temporary for instance. It is appalling to suggest taking extra money off people without any knowledge of each individual situation.
- There are usually good reasons why a property is empty. In our case, we spent three years refurbishing a grade 2 listed property that had run into disrepair while in council ownership. We feel we have done Monmouth a service in restoring this beautiful building and helped out with a lack of supply for this type of property. The costs involved with having an empty building for this length of time are already significant, and adding further costs would dissuade people like me from doing it again. Our project has provided much needed work for the area, and is helping to keep Monmouth a beautiful market town where people want to go.
- They should not do any thing .
- Your definition of "empty properties" omits a significant use case, that of holiday let. The threshold for a property to be considered a holiday let (in terms of days per year occupied) is unrealistically high in many cases, and the premiums being proposed threaten the tourism sector, which is a significant industry within Monmouthshire.
- The Monmouthshire Council public consultation over whether to levy punitive rates on dwellings empty for more than twelve months and second homes contains several issues that cause me great concern. This can hardly be described as a fair consultation either when there is nowhere on the survey form to vote for less than a 25% increase (and it won't let you finish the page until you select one), or for suggestions that a longer period of time should elapse.

  Apart from being unavailable for full time occupation, there is no similarity whatsoever between the two categories and it looks like many holiday cottages could also be dragged in as well and they are yet another category.

  The question as to why owners (including housing associations) might leave properties empty for more than a year when they could bring in thousands of pounds and provide essential accommodation is never addressed and owners of empty property pay full rates anyway.

  The fact is that a background percentage of empty dwellings always exists and is generally fairly stable. If you exclude those stuck in sales chains, legal, planning or probate difficulties (that would not get driven back into the market any faster), the percentage is miniscule. Most of the others are derelict, awaiting or undergoing refurbishment or waiting for a builder to start. Some properties are unviable and others are in locations where there is no demand. Twelve months is in any case a very short time to turn a wreck around but all of these problems are lumped into the statistics.

  Whilst certain well recognised problems come with empty properties, to consider introducing something so punitive on top of normal rates should only be done if there is absolute proof it will work in any significant way and I see no proof that it will anywhere at the moment. The stated objective behind the proposal is 'to provide an incentive for encouraging occupation'. Sorry, but punitive rates are a punishment, not an incentive. It is a proposal that is not only unlikely to reduce the normal background level of empty dwellings but could actually make the situation worse.

Punitive rates that fail to address the stated objectives will result in major legal challenges and avoidance measures, so why even consider it when councils already have legal tools to take over empty properties that they consider essential? It would appear that they simply don't want anything to do with it themselves because they already know why this background percentage is there and how intractable some of the problems are.

To levy punitive rates when refurbishing or rebuilding work is already underway or is being held up due to planning and regulation delays would also be exceptionally unfair. Additionally, if selling a property that has been empty for more than a year, buyers will be deterred because they will immediately be paying punitive rates and those rates may be way out of proportion to the value of the property. So there would have to be exemptions and then it all gets messy.

Monmouthshire Council itself is refusing to let significant housing schemes go ahead due to perceived drainage issues and are therefore themselves directly responsible for a shortage of housing stock. Are they proposing to levy punitive rates on themselves for doing so and on anyone with planning permission that is not getting on with building?

Holiday homes and holiday lets are also completely different issues. In many cases both can be beneficial and holiday lets in particular are critical for many small farmers and local economies. Many people actually restore empty dwellings for their holiday home or build entirely new properties that will all go back into mainstream occupation in due course, so how could it be fair or even desirable to levy punitive rates in every case?

With empty dwellings, the obvious course to pursue is to first find out why the properties are individually vacant and then to have a fast track system through any planning, regulation, grants or loans issues that could assist getting them back faster into the market.

I did some time ago raise the possibility of an investment organisation that could use the council's powers if needed to take over empty property and filter expertise and grants into getting housing stock onto the market and am willing to expand on the idea if required.

- All dwellings must pay Council tax
- I do not think this would be fair to anyone already paying council tax
- I have answered no to this question because I do not believe that a one year exemption from the empty property surcharge is sufficient for work to be completed on most property in need of refurbishment. The County Council's time scale of a one year is at odds with the time scale set out in the higher rates of Land Transaction Tax Wales (LTT).

  An arbitrary one year exemption is too simplistic. A distinction needs to be made between houses having been empty for long periods and houses which have recently been purchased. Many newly purchased houses require considerable work to bring them up to modern standards. It is difficult to commission and instruct architects, obtain planning permission and seek builders to undertake modernisation work in less than one year. The likely timescale is recognised in the higher rate of LTT as a period of 3 years grace is given to the buyer. Houses which require less work will automatically be returned to use sooner than a year because it is financially sensible to do so.

For recently purchased properties Monmouthshire County Council should align their time scale with those of the LTT which recognises that alterations can take up to 3 years. Following a 3 year period the County Council could consider introducing an empty property surcharge on a sliding scale which could increase every year, so encouraging work to be completed. This would remove any sudden cliff edge.

Also it must be remembered that empty properties do not use many of the County Council services like, refuse collection, education and social services, and therefore, the County Councils already benefit considerably from the present system.

- I have been contacted about this consultation in connections with my parents family home in the County which is currently unoccupied since my late Mother's death. The property was my parents sole home in their later years. Priory to that it was my grandparents sole home. It has been in the family since the 1940's.
  I am currently starting the process of renovating the property with the intention of eventually moving there from my present home in Blaenau Gwent.
  I am paying full Council Tax on the property whilst causing little or no drain on Council resources or services. My wife and I are retired with limited income and any increase in the already substantial Council Tax is unjustified and unaffordable, particularly in the present economic situation. It is our intention to relocate to the property and to dispose of out present home.
- I have received a letter from you saying that a house I own in Monmouthshire is regarded by Monmouthshire County Council as a second home. Whilst my house does fall within your definition of a second home, I did not purchase it, nor do I use it as a second home (I live in Powys). I inherited it when my father died. Initially I considered living there, but have recently decided it is a bit too remote. I am running a business which takes up most of my time, especially since the pandemic, and I have very little time to sort out the house which has a lot of things in it. I think it would be very unfair if you were to put a premium on the council tax I am already paying. I want to sell my business and retire, but the current economic climate makes this difficult. If you were to go ahead and add a premium to the council tax, this would push me to the brink in this economic crisis. I sincerely hope you do not go ahead with this.
- If the premiums are due to be paid from 1st April, it doesn't allow much lead in time for an owner to prepare for an increase in prices - in the very least it should be increased gradually over a number of years. A huge premium starting in April, in the current climate could send people into poverty.

  What about the current cost of living crisis? Council tax prices are increasing for everyone, so is this the right time to be doing this? Potentially this could have a significant impact on families lives and should be very carefully considered.

  Owning a second home or long term empty property doesn't mean the owners can afford to pay premiums, it could be that its been in a Welsh family for decades/generations. If the premiums are high, the owners could be forced into selling the property quickly, which may mean accepting a lower price for a quick sale, allowing for rich property developers to come in and renovate and make a profit. Is this something that the Council wants to support?
- The property has been long term empty as currently undergoing refurbishment. Taken a lot longer than anticipated due to the pandemic curtailing works. Getting labour to complete the works. Continuous problems with the boiler/heating system and getting the labour. External works with tree management and fencing still needing to be

done. Would prefer not to have to pay the full 100% Council Tax while the property cannot be lived in and certainly don't want this charge to be increased.

- The proposed premium is indiscriminate in its application. Properties are usually long term empty for a reason. They may not be in a suitable location or condition for someone else to wish to purchase or occupy.
- There are a multitude of reasons why a property deemed as long term empty may continue to be empty. In my particular case it is a lack of funding for many reasons that include personal ongoing expenditure on education 5 children through university, significant loss of self employment earnings due to the pandemic and a reluctance from banks to finance a complete renovation that is required to make the long term property habitable. To introduce a premium on property charges when there is absolutely no burden on the local authority is unfair and could almost be deemed as punitive for investing in the property market as opposed to investing in stocks and shares or gold etc.
- There are around 400 long term empty properties in Monmouthshire. This compares with a total of around 94,000 people (41,000 households) in Monmouthshire - so they constitute a very small proportion (less than 1%) of the total. These properties are already subject to the full 100% council tax charge in Monmouthshire - even though they do not fully benefit from council services. So they are already paying a higher rate of council tax (which is being used to subsidise council services for others). To demand that such a small number of owners should pay 2, 3 or 4 times the full council tax rate - with no regard to their available income, their financial situation, the nature of their property, or how it has come to be empty - would be punitive and disproportionate, and could potentially cause hardship.

Don't know:

- For me this would depend on why the property was unoccupied.
- I am unsure whether it will provide much help towards the homeless problem or much towards the budget. having had experience in looking at this dilemma when i worked in the Council Tax section. It does provoke a lot of anger from homeowners who may have worked hard or inherited properties to be essentially told what they can or what they should do with their properties. A lot of these empty properties are not in a fit state to rent out especially due to new Welsh legislation. I know that there are schemes available to borrow money to bring them up to date but, in my experience a lot of empty properties are owned by older people. Also they may be owned or have been in the family of elderly people who just do not want the hassle of renting.
- I don't know how many empty homes there are in the county.
- I just don't understand how it would help .
- I own a property in Pwllmeyric which is not my main residence. It is furnished. (so classed as a second home) My daughter locally depends on me for childcare to enable her to continue working for the Dept of Health. Her own health is now significantly compromised with uncertain prognosis.
  Hence I stay frequently to help her out.
  I cannot move here permanently yet as other daughter in Yorkshire has significant mental health issues following the death of my husband (her father) so I am needed there too.
- Numbers of such houses not quoted in information but imagine is low
- Only " it is " is "it's".
  So in this case you should refer to "use its" rather than "use it's"

- The question are, why are these properties empty, is it the cost of maintaining them to the standards of listings officers or merely an unwillingness to do something with them

Level of premium to apply

- 0%. You need them more than they need you.
- A modest increase of 50% I feel would be an incentive to owners to consider their moral duty.
- A premium on underused property should incentivise getting them back onto the market. the higher the premium, the more of an incentive
- A range would have been a better ⁹question. A range between 25% and 50% seems reasonable.
- Again this is political and just envy.
- Again, presume this is for long term empty residential properties, not business premises.
- All homes in the county are provided with the services of the Council e.g. refuse collection, road maintenance, street lighting, police, schools etc regardless of whether any particular home has a need for some of the Council services. Therefore ALL homes should contribute to the cost of these services. Sometimes the condition of these homes and gardens are badly neglected causing deterioration of the building and a problem for neighbours.
  Since the owners of these vacant or part vacant homes can afford to also have their own long term dwelling, they should be charged a supplement to the normal Council Tax for the second home. However, maybe a special exclusion could be given to those who, because of their employment, have to live as their main dwelling, in a 'tied' home which belongs to their employer,
- All properties should pay full council tax.
  There should be no additional premium.
- An empty property is using far less council services than an occupied one so the owners are already paying a premium.
- Any charge would reduce value of property and development of alternative accommodation
- Anything over 100% would be best.
- As above. Long term disuse of so called holiday homes reduces income not only to the council, but the wider community, and denies local people residency by inflating house prices.
- Because as I mentioned they leave them empty for decades and make a fortune on resale . Our communities need to be cherished and protected and not be beholden to property entrepreneurs!
- But how is the 'long term' defined? No penalties should apply if an owner is clearly not retaining the property for speculative purposes, and, for example there are exceptional circumstances preventing or delaying its sale or renovation.
- Charging the maximum amount will either prompt those holding on to empty properties to release them back to local communities or continue to pay and cover relevant costs for MCC
- Consider that premium should be at least or over 100pc
- Don't go ahead with this unfair tax
- Encourage a fast sale!
- For properties that have been empty long term 300%. Perhaps a sliding scale, over 1 year 100% over 2 years 200% anything in excess of 3 years 300%
- I believe a higher premium on these empty buildings would give the owners an incentive to make them safe, if not to live in then at least to walk past

- I consider this reasonable
- I do not agree with this but any premium should be small and sustainable, council tax is already too high relative to service provision and set to rise again this year.
- I don't think people should have to pay for having a 2nd home. As mentioned earlier, it will deter people from coming to Wales who do bring in revenue.
- I feel the premium should be steeply tapered with 300% for those empty for 3yrs and then go higher still for those empty longer.
- I have entered an average %. Perhaps there should be a sliding scale from 100-300%, rising with the increasing length of time a property has been empty.
- I suggest An escalating increase, from year one 25%, through two 50%, three 75 up to 150% etc will pick up those dragging their heels or with no intent to actually get on with it.
- I think premium should be introduced on a graduated basis.
- I think the premium has to be significant to prompt action.
- I think you could have a sliding scale tariff depending on the value of the property and the particular reasons why the property is empty e.g. someone has died intestate. It can longer than a few months to sort out ownership of a property.
- I think you would have to look at individual cases
- I would charge 500%
- I would impose a graduated increase after the first year .
- I would like to see a tariff that takes into consideration the length of time a property is left vacant rising on an annual basis unless good reason can be shown for why the property is empty.
- If a property is not empty for a reasonable reason (as provided by the exemptions), I don't see why the premium shouldn't be set as high as permitted.
- If people can afford to deliberately keep properties unoccupied, they can afford to pay a premium for doing so.
- If the owner agrees to my answer to question 1 then they would be refunded this premium amount. If they object and persist in keeping the empty property then each year increase the premium tax by 50% until they reach the 300% limit. This gives the Council 4 years to 'negotiate' with the Council to provide the property for them to use.
- If they can afford to leave a property empty, they have sufficient funds
- If they can afford two homes they can afford the maximum tax Plus lots of these homes fall into dis- repair making the area unpleasant for full-time residents.
- If this were the case then maybe they could receive a grant to do up, charge a fair rate and receive a grant to do them up.,
- If you can afford to own two (or more) homes, you can afford to pay a higher rate of council tax for that privilege
- If you really need to then a lower figure of 25% or less
- In principle if a house is long-term unoccupied then having a greater disincentive to keep it that way may assist in returning that home to housing stock
- Introducing a high premium on their Council Tax would make them think about the problem - they may sell the property and, if they don't, at least the higher Council Tax will mean they are making a financial contribution to the local area.
- It depends on the circumstances, it seems unfair, for example, if a property is up for sale by an estate but the purchase process is taking a long time so exceeds the 6 month time limit after probate, for a premium to be charged.
- It has to be a high amount otherwise second home owners who have left properties empty for a long time, will not be overly bothered by a small rise.
  The Rogiet hotel is a prime example of a large empty property going to ruin.
- it has to be as high as possible to reduce the impact on those who cannot afford their own council tax and to reduce the pressure on house pricing in the area

- It may force some people to sell their property and we can have neighbours to at least discuss issues with.
- It must be high enough to be punitive.
- It needs to be a high enough to be a penalty for doing nothing with an empty property.
- It needs to be a high rate to try and elicit some sort of change and bring properties back to the market. Where individuals/families cannot agree to sell properties then they have to pay towards the counties housing costs. I would go higher but I think this should do the trick.
- It needs to be enough for people to consider renting or selling their emptying houses.
- It would be good to encourage occupancy for currently open houses. However if a house is on the market and steps are being taken to change ownership - continuing additional charges seem unfair.
- It would be useful to have more information on the sums involved
- It would depend on the reason for the house being empty
- It's a scandal that there are empty properties and homeless people/families. Long term empty properties must be brought back into use to alleviate social ills
- Long-term empty properties should be released for use by local people
- Make people pay a premium for being greedy.
- Maximum deterrent to remaining empty.
- Must be high to force people to give up empty homes
- Narrow minded questions again
- No premium is acceptable. If anything as it is unoccupied it should attract the single occupancy discount
- No premium.
- One reservation would be over properties that need structural repairs. More than one year's exemption should be allowed if the need can be demonstrated. We purchased a property that was in very poor condition (water coming through the roof, major structural crack in external wall where a lintel had rotted, the gas boiler was condemned, etc.) We needed to get planning permission for repair work as it is in a conservation area (replacement windows needed to be approved, etc) - that took several months, including getting architect's drawings before being able to even submit the application. Then we found ourselves in a long waiting list for good builders. And when builders finally started work, it was the best part of a year before we could move in. All of this meant that we were already needing to pay rent. We have eco-retrofitted the house, which should be required of all property in poor condition. But paying extra council tax while all this went on might have been the final straw in making it unaffordable.
- Owners need to be discouraged from speculating on the housing market.
- People renting second homes or keeping them empty for their own use can afford these prices. It will also help to reduce the ridiculous hike in house prices in some areas
- People who don't know think this is a tax on the rich, but in the main its asset not cash rich who just happen to be custodians. Every situation is different. One size doesn't fit all.
- Perhaps a rising premium as the period of non-occupation increases?
- Perhaps the amount should increase, depending on how long the property is empty for and, if it is for sale, how well the owners are marketing it.
- the gains made by the owners of the properties in terms of an increase in market values is at the expense of people who are trying to find affordable homes. A 300% levy is not unreasonable, and may help persuade owners not to use their empty property as a source of unearned income
- Should not apply when properties are "accidentally" empty
- Strong financial disincentive needed to minimise long term empty homes. This value seems fair for the actual residents.

- Tax is already being paid on the property. Lowest option available.
- That maximum amount should be done to stop these houses being empty, which destroy communities and bring no income to the village
- The amount charged needs to be large enough to compel empty house owners to take some action (preferably to allow occupation of the house in some way).
- The empty building does not demand any council services and will pay full council tax plus a penalty
- The higher the premium the more likely to sell up
- The maximum lever possible.
- The maximum would ensure the property was brought back into good use. Once the premium had been charged for say 5years would it be possible to seize the property and bring it back into use or sell at auction.
- The option to fill property, rent or sell is there so high rate will persuade.
- The owner has to care and make them question why property is empty after 5/10/15 years.
- The owners can clearly afford to leave properties empty, for whatever reason, so unless the penalty is severe enough, they will not change their strategy in the future.
- The premium needs to be prohibitive.
- The premium needs to generate action from the owner/s
- The rate could rise by 25% each year it remains empty.
- The unoccupied rate needs to be an incentive to the landlord/property owner to get that property back contributing to the society. The current rates are not an incentive.
- There are sufficient and justified exemptions (e.g. for homes which are unoccupied while they are on the market); there is no justification for leaving a home empty in the long term and so removing it from the county's housing stock. Those who choose to do this should be expected to pay for the "privilege."
- There may be good reasons why a property is empty long term, so the premium should not be too onerous.
- There should, however, be provision for exempting owners from any penalties where:
  (a) It is evident that they are not retaining the property for speculative purposes AND
  (b) there are exceptional circumstances preventing or delaying its sale or repair (and in this context a fair and just definition of what is meant by ‘long-term’).
- There's a housing crisis, so empty buildings should be used to help.
- They need to consider how they can help others. If they can't afford the premium then they need to sell the property to allow others to occupy it.
- They should pay what they would if they occupied the house, home.
- This needs to be proportionate and it maybe that there needs to he a different approach to different types of property or the length of time it's been empty.
- This seems a measured response to what is actually seems a small problem in Monmouthshire. I strongly believe that any changes should be introduced slowly. Anything over a 100% surcharge would in my view me immoderate.
- This will incentivise repurposing of some of the properties, hopefully to help increase the supply of housing.
- To encourage people to resolve their dispute but nit make it so exorbitant that they get into debt.
- Too many properties just sitting empty, assuming many as investments, reducing potential stock especially for local families and youngsters wanting to stay in the area but struggling to afford to
- Typically, empty property owners already pay council tax whilst receiving no services. Adding to this is wholly disproportionate.
- Unless it affects them financially, they will just do nothing
- Use the most incentive to get the property in use

- We do not have knowledge about empty properties in Monmouthshire. Those in our area are being renovated for reoccupation.
- When a person is trying to sell or rent it is often due to changing circumstances which may cause financial hardship.
- When my mum died and the property was left empty we had to pay council tax. Although I would have sorted out her affairs more quickly if we had to pay tax straightaway.
- Why is an answer compulsory? The premise of the question is that the answer given was 'yes'. When it was 'no' the question simply doesn't apply.
- you do not know reasons why a property could be empty for a long time
- An appropriate Levi may push the owners into action to sell or rent the property

- CLA consider that a premium of 50% should be charged after 9 months of the property being empty. This would allow sufficient time for refurbishment. This rate should be reviewed on a 3 year basis to allow the rate to be altered to accommodate trend changes to advantage the area and its permanent residents and businesses.
- Dependent upon circumstances
- I believe a premium should be added but I am not clear what this might mean in practice and so do not feel able to give an opinion on how much it should be.
- Larger properties already pay a substantial CT charge as Band G or H
- The owners are not contributing to the local community, and are depriving somebody of a home.
- The premium should act as a deterrent to having empty homes so needs to be large
- Why is there no option to say zero - completely bent survey question
- Would find it hard to cope with financially

- You already charge a full council tax on empty properties that exert little or no cost to the council (road use, refuse collections and other services); it seems this additional charge is largely to punish.
- I think there needs to be context and different levels taken into account. Those who keep property empty at the detriment of their local community just for the sake of 1 holiday a year, is very different to someone who is unable to sell their property for some reason.
- if the Council do decide to introduce these premiums then it should be done gradually over time, with plenty of forewarning to allow property owners to work out an appropriate plan. A sudden increase could have a significant negative impact on already struggling families
- Owners of a long term empty property are already paying full council tax, but are unlikely to be using any council services for that address. Therefore they are paying for services they don't use, which is in effect a premium.
- If you charge 50% for single occupancy then I believe if a charge is to be made for long term empty 25% is sufficient.

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Appendix Five: Consultation responses – Second Homes

Yes to premium:

- 190 isn't that many second homes, some single villages in Cumbria have that many…but if you can afford two homes and you are effectively denying someone, somewhere else to live….. pay a bit towards that cost of housing them?
- A lot of people are struggling to afford one home at the moment. If they can't afford the associated costs of having a second home they should sell it to allow others to benefit from the home.
- Again high enough to be punitive.
- Again ..you have your own place to live and buy a property to spend a few weeks in or rent out to holiday makers .in small communities this has a massive impact on families and children no longer can afford to stay where they were born as rich people buy up properties because they see investment opportunities not a home.
- Any homes not lived in full time should be charged a premium.
- As above. I would like to add that in some places that I have visited, Canada and New Zealand, for example, second home ownership is prohibited in areas of outstanding natural beauty. Residents may only sell to locals, and property can only be bought by those who can prove that they live and work in the area. New building is extremely discouraged, to reduce the impact on the area of over population with insufficient infrastructure. This keeps house prices affordable for locals working in key industries and those in essential but seasonal jobs such as tourism. I would like to see this policy applied to large areas of Wales.
- As above. No one needs a second home when so many people don't own (or are even able to rent) a first home.
- As I have said second home owners are well off, make them pay more.
- Assuming this does not apply to properties utilised as holiday rentals for minimum period per annum
- Definitely. I have seen too many towns and villages destroyed by second home owners. Strong words but true. These home contribute nothing to the communities, as the owners do not live their. They don't use the shops, schools, attend village or public events. Plus they remove a home out of the market that would otherwise be occupied by a family or someone who would contribute all the 2nd home owner doesn't and most likely be employable too. These second home owners will often argue they don't use the services, so they should pay the standard rate. I don't agree, by occupying a home on a part time basis, they remove it from the local housing stock from people who contribute as detailed above. The Council rates on 2nd homes needs to reflect the loss to the community.
- Firstly, there are too many people unable to afford one home to justify not introducing a policy that discourages people from having second homes. Secondly, people in second homes likely contribute less to the local economy than someone residing in the property full-time. Thirdly, it is a reasonable assumption that the vast majority of people with second homes are wealthy (how would they be able to sustain a second home during a cost of living crisis, if not); if they are sufficiently wealthy, introducing a premium means that they can either decide to retain their second home but contribute more to our public services (through the premium) or long-term rent out or sell their home to someone who wants to use it as their primary residence.
- Having homes empty for most of the year when people are homeless is not acceptable but premiums should not be too high as income from second home owners may be important in some parts of the county

- Having more than one property is unnecessary and arguably greedy. The social impacts on communities are well documented. Turning our settlements into dormitories for wealthy outsiders has already 'anglicised' much of the east of the county and eroded the original rural culture. The increasing 'urbanite' attitudes to rural issues is disappointing. The hostile attitudes to anything 'Welsh' like signage and place names is truly bigoted much of the time.
- Helps reduce house prices making them affordable to local residents
- Homes used for short term holiday lets that would otherwise be rented long term or sold can be problematic to the housing market.
- Houses should not be treated as an investment. There is not enough housing stock for properties to remain empty for long periods of time.
- Housing in Monmouthshire is limited despite new developments. Since the opening of the bridge from England to Wales we have seen many more people looking to settle here. There are a number of people who are wealthy and like to have a second home in our beautiful county. This is not helpful for future generations wellbeing and ability to stay in the county which again exacerbates our problem of having an aging population.
- I am concerned you think there are only 190 of these! I assume this would include Airbnb’s.
- I know a landlord in Caldicot who owns at least 5 houses within the area. Rents them out privately for cash in hand as a premium
- I think it depends what the second home is used for. For example, if it is demonstrated that it is used for long term rental, then increasing the council tax would probably drive up rental rates.
- I think that as money is being generated by these properties then they should pay a premium. especially as local people are struggling to buy homes within the county as cannot compete with rich second home owners. There could be a situation where Monmouthshire has a high proportion of holiday homes and no one else, which will impact on local amenities.
- If houses are for sale particularly after a death or going into care there should be some discretion.
- If people can afford 2 homes they can afford to pay more, that is a property that could be used for someone who lives here permanently and contributes to the local area for more than a few weeks a year
- If people can afford a 2nd home, then they can afford it and obviously draw on council services sometimes.
- if the second home is being rented out to the council or family then not so much
- If they are used as holiday homes, consideration should be made of whether a too big an increase in council tax would make the holiday home unprofitable.
  I know that holiday homes are controversial but tourists have to stay somewhere and they bring income.
- If they can afford a second home then they can afford to pay a premium.
- If you can afford a second home you can afford to pay the extra
- If you can afford to keep a second home, you can afford to pay an extra council tax premium.
- In a place where people are homeless, owning a second home should be seen as socially unacceptable. Financial incentives should be used to signal this and discourage it. Where those choose to retain second homes, then it is only fair that they contribute more back to the communities that they impact.
- In light of the housing needs of younger and less socioeconomically secure people, it is shameful that older, wealthier people are able to hold on to a main residence and one (or more) often smaller residences, thus keeping those smaller residences out of the housing market

- In my opinion nobody actually needs a second home - particularly when such second homes deprive local people (who live permanently in the county) from finding somewhere to live.
- In this case people locally should benefit from the homes available, (not outsider's) they cause a surge in prices and stop younger people from getting on the housing ladder in their local area.
- Is there a loop hole where people could claim they use the dwelling for a job but are actually working from home and therefore not exempt from the premium? I hope this would not be the case by the occupant needing to provide proof of a local work address.
- it depends if their second homes which are used as holiday homes for personal use etc then yes and full charge of 300%
  if they being used for other family members as they cant afford to get their own home e.g. for a child or grandparent then maybe no or at a very low premium
  if they being used to rent out at a reasonable rate or rented out to the council then again maybe no or at a very low rate 25%
  i have scored below on the basis its not a buy to let property and that its a personal use second home
- It depletes housing stock for locals
- It shouldn't apply to those people who have a holiday let property within the curtilage of their main residence even if the holiday let is on a separate legal Title.
- It will provide limited additional income, but will discourage further homes being lost to the housing market as second homes.
- just do it!
- Look after our
  1. Our own people to help them find first homes.
  2. Ensure homes are available to those, who move into Wales to work.
- Mae'n bwysig bod trigolion tai lleol yn cyfrannu at yr economi a'r gymdeithas leol. (It is important that local housing residents contribute to the local economy and society).
- Many people are not able to afford one home let alone two!
- Many second home owners bring much money into the community and tend to use restaurants and public houses much more than local residents and make a valuable contribution to the Monmouthshire economy.
- Monmouthshire attracts tourists and, to a limited extent, second home owners can make a contribution to the area when they visit the home. However, this contribution to the local economy depends on how often they visit and whether they buy locally when visiting their home. Second homes are, undeniably, now part of the housing problem. Second home owners mean there are fewer houses for local people to buy or rent. They should be asked to pay a premium for owning a second home. Second home owners have chosen to buy in the County because they like it enough to make a large financial investment. Should they want to continue to own a second home, by paying a premium, they would be contributing financially to keeping Monmouthshire a good place to visit.
- More difficult to answer because if in regular use because of week-time working elsewhere. But if relatively little used or purchased for investment purposes then some penalty is appropriate. Less relevant perhaps in locations where that type of property is beyond the financial reach of the many.
- Most of the comments above still apply to this question
- My wife and I live in Sheffield and have owned a second home in Monmouth since 1991, so I have a personal interest in the outcome of this consultation. As a Governor of Haberdashers' Monmouth Schools, I attend meetings in Monmouth some ten or a dozen time a year, aiming to give something back to the School that (thanks to a generous scholarship funded by Monmouthshire LEA in the 1960s) put me on the road to a fulfilling academic career in Sheffield and Oxford. I am a member of a theatre group in Llandaff and a Founding Fellow of the Learned Society of Wales. So the house is in no

simple sense a "holiday home", though it does serve as that, too, giving me a chance to spend time in the country of my birth and the county of my upbringing. I do support the principle of a premium on second homes but would like it to be recognised that second home owners can and do give to the community, not just economically -- as consumers and employers -- but also by service to local institutions. The property is never let but we allow friends and family to use it at no charge: all these visitors report enjoying shopping and eating out in Monmouth and elsewhere in the county. For this reason, I do not support the same level of premium for second homes as for empty properties.

- No problem with true holiday/business lets, but personally seen many properties sold locally then sit empty for long periods only occasionally occupied on weekends or bank holiday times
- Nobody needs two or more homes.
- not enough starter homes for our young people if you can afford an additional 'home' you can afford any additional expenses
- Owners of second homes use LESS council services so there is not an argument on fairness of costs grounds. However there IS an argument that second home owners should contribute more than local residents on the grounds that they could rent out their properties for extra income, and that they have a duty to contribute more obviously to an area which they presumably found attractive enough to warrant a second home, and this would also help them be more VALUED by local communities for contributing MORE than their standard share, and this helps to compensate for their relative lack of local community participation. The premium should be seen as a POSITIVE way of contributing, NOT a punitive disincentive for second homes and the associated tourism and investment revenues into the area.
- People should have to pay the same as other people.
- People should pay a premium for having the privilege of owning a second home. We need to change our culture from one of acquisition (constantly wanting more) to one of sufficiency (accepting what's enough).
- Second home ownership prevents young people from being able to buy homes in their local area
- Second homes are a selfish luxury
- Second homes are noted for often using affordable housing which should be available for young people who were born and grew up in the area. Any premium should take this into account and make it less financially attractive to have an underused second home.
- Second homes bring limited economic or social benefit to the community and the council tax premium can start to make up for that to benefit the residents.
- Second homes deprive local people of accommodation and, in excess, turn villages into effective ghost towns.
- Second Homes generate very little to the Community , in terms of revenue, or Community spirit and Goodwill to the local shops and permanent residents.
- Second homes has huge impact on small villages and towns if only occupied seasonally or short duration.
- Second homes push up prices so locals
  are priced out of the market. Some villages are ghost villages in winter.
- see comment above. the gains made by the owners of the properties in terms of an increase in market values is at the expense of people who are trying to find affordable homes.
- See my thoughts above
- Seems fair except for where people are using the accommodation associated with their job.
- Should not apply to seasonal accommodation restricted by planning rules or the weather, e.g. boats and caravans

- The issue of second homes in Wales should have been addressed long ago. People who move to Monmouthshire and contribute to the life and economy of the county are more than welcome.
- There are a shortage of affordable homes for young adults and families especially in the villages where properties are being purchased as second properties or being let out as holiday accommodation.
- There is a shortage of homes so the extra tax on second homes will help provide one home for the people who have none.
- These are homes that could be occupied by local residents who contribute day in, day out, to our local economy. Second homes are a luxury. If people can afford second homes, they can afford a premium for the privilege. But again, perhaps there should be a right of appeal. Many years ago we purchased a property that we extended and refurbished with a view to moving to Monmouth. Our move was delayed because it was inappropriate to move the children's schools - so maybe a right of appeal for this too?
- These houses are left for majority of the year, and families are forced out where they grow up. They bring no income to the village, destroy any sense of community, cause animosity among neighbours of these properties.
- They need to be discouraged from speculating on the housing market. Holiday homes increase the shortage of housing in the area
- This is a definite Yes.
- This is an excellent opportunity to try to rectify the very regressive nature of council tax. Side note: I wish people would stop using the term "second home" to describe these investment/holiday properties. It's deliberately emotive language to make these extravagances seem more reasonable by couching them in relatable terms (everyone needs a home, so two only seems like a minor indulgence). The reality is they are not homes, second or otherwise.
- This is necessary to help affordability of property for local residents. Parts of Pembrokeshire have been priced out of local people affording to stay in their home area, we don't want this problem here.
- This need not be a great amount but some charge should be made at a decision and pro rata according to a determined scale.
- This should apply to second homes not being used as accommodation businesses on which Monmouthshire Tourism has a high dependency. A threshold level should be set e.g. offered commercially for very short term (max 3 months) or holiday lettings for at least nine months out of every twelve.
- This should be done carefully. I think it may be appropriate if properties are used solely as a second home for the owner but if they are let out as a holiday property and support sustainable tourism then this should not be the case. Criteria need to be defined for the length of time let out etc.
- Until the current pressure on housing stock eases, it seems only right that those who choose to have two or more properties should be penalised financially, because this choice stops locals from getting somewhere to live. I also believe the argument so often wheeled out in defence of second-homing, namely that second-homers bring revenue into the area, is specious. For many years the cottage next to mine was a second home, was only used for two or three days a year and it was obvious that the occupants were bringing their food down with them - hence no real contribution to the local economy at all.
- What about excessive levels of B&Bs and buy-to-lets that are in effect second homes? How will the council know whether it's a second home? What's to stop people claiming it's their main home and living elsewhere. Who / how will that be prevented?
- While the number of second homes is small there should be a premium.
- Wye Valley is full of air b'nb properties.
- Yes if people own second homes for personal use only then they should pay a premium

- Yes, providing that the money raised is used for suitable purposes.
- Ownership of second homes by people outside of Wales needs to be discouraged. If it also affects Welsh residents that is just unfortunate. It is not the same debate as the Empty Property issue which as I said above is more complex. People only own second homes for one reason as second homes to use.
- Second homes may be used for holiday let's and so bringing income to the owner and additional tenants using services. It seems right the owner should pay a premium.
- So long as it is a proper second home (i.e. is furnished and is lived in or rented out for a few months each year)
- Unfortunately, the consensus within our membership is that the use of premiums on second homes has not made a meaningful or significant impact on improving the housing supply in rural areas. Even with a large number of second homes being purchased within Wales pre COVID19, the "Rush to the countryside" brought on by the pandemic has placed immense pressure on rural housing, making the availability of housing for local and younger generations even more difficult. With more people moving from towns and cities to the countryside, seeking a quieter life with more space, so there is an increased need to build more affordable homes.
  A large majority of our members, many who reside within Monmouthshire, believe that if a second homeowner/buyer was capable to afford an additional property, they should be able to afford an increased premium on their tax. They should contribute fairly to the local economy and for the privilege of living in such a sought-after location. However, it should also be considered that many people invest in a second home for retirement purposes, where the initial home is sold in time to create a pension lump. The UK has a pension crisis owing to decades of low interest rates, so by increasing the premium this removes a fair pension option for some.
  The understanding is if the premium is increased in a local authority in Wales, there needs to be a sincere reason for this, usually due to being a desirable location. However, consideration needs to be taken for areas that are not as popular. Each local authority should be mindful for the needs within that authority and how an increase to the second home premium will have on genuine businesses if they are not to reach the 182 threshold days for business rates. Nevertheless, the premium charged should encourage occupancy, to ensure these properties are not being left empty for many months, especially over the quieter low season months.
  Self-catering accommodation brings many positive attributes to rural communities with a large contribution to the economy. Many of these visitor accommodation businesses provide jobs to local residents and support other local business' such as shops, pubs and restaurants, which rely on visitors. An obvious point is that some properties that wouldn't be suitable for long term accommodation have diversified into holiday lets to support that business' income stream. This allows the preservation of older buildings that would normally have been left to ruin and dilapidate. Through this change the characteristic of many rural holiday lodgings becomes available for tourists to experience, where they wouldn't normally have had the opportunity.
- Where 2nd or vacant properties are not contributing to the local community it would be reasonable to charge a premium.
- definition of a second home should relate to a dwelling that is completely separate from the land containing the main / first home
- My husband and I have a home in Monmouthshire. We recognise our fortunate and privileged position and think it is reasonable that we should contribute more towards council tax. We would feel that a 50% premium would be fair and would enable us to continue to live here, where we have strong family, friend and community ties and where we ultimately intend to live full time. We do not feel a significant premium would be appropriate. It may affect the local housing market for all homeowners. Additionally it would not take into account tapering of time spent in Monmouthshire, ie would impact

all second home owners equally regardless of whether they visit once a year for a holiday, or spend four to five months a year here, as my husband and I do. Regarding long term empty properties, we feel this is a tough one - if it's gratuitous then yes a premium should be applied, but if someone is actively seeking to sell a probate property and struggling to shift it, then perhaps six months is too short.

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No to Premium

- 1) Affordable housing is hugely important. This is not exclusive to Wales. It is a challenge across the UK. What is needed is a strategy to fund building, and creativity towards mortgages that ensures residents can buy their own homes, or have access to decent rented property. Punishing second home owners, though politically attractive, is not enough to help young people start on the property market.
  2) Second homeowners already pay full council tax but largely do not use council amenities. For example, unlikely to use schools within boundary of a second home, or access care facilities. This "subsidy" will stop if second homeowners withdraw.
  3) If the purpose of this premium is to get make second home owners sell-up there is a lack of hard data on who is buying up second homes as they return to the market. Are these properties being bought by first time buyers? Or are they being bought by landlords/companies who already own multiple properties? Will they be converted to bed-sits which would reduce the number of affordable houses?
  4) There are wealthy second home owners who will just pay the proposed second home premium with ease. This premium will change the type of second home owners.
- 190 second homes in the county is a miniscule number and there is clearly not a problem in Monmouthshire. Any premium would clearly be for revenue raising purposes rather than to discourage second homes - should be raised by other means i.e. long term empty homes.
- 190 second homes in the county is an extremely low figure and is clearly not a problem here. Any premium charged would clearly be for revenue raising purposes rather than to discourage second homes. Assuming that a proportion of these are holiday lets, they will produce tourist revenue for the area and on balance, probably provide more benefit than main residences. I
- 2nd property owners are already paying council tax why should they pay more than their neighbours
- A home is a home and if it is being maintained to a good standard and used at various times I cannot see why people should be penalised unless of course the idea is too discourage people from visiting Monmouthshire.
- A lot of these properties supply the tourist industry that generates income and employment to the county.
- A second home doesn't use the level of services for which Council Tax is charged. Given that there are only 190 registered this is approximately 0.5% of the County's housing stock (according to the figures provided by the Council there are 35,200 households in Monmouthshire). This clearly isn't the sort of issue that counties like Cornwall face, and isn't likely to become so. Second homes in Monmouth are often in remote rural locations where regular residents would find it challenging to live, they often upkeep old properties at large expense and they provide much needed 'external' cash into the local economy. More positive schemes should be used to encourage 'second homeowners' to support the local communities in which they share.

- A second-home owner pays the full amount of council tax despite not being in residence for the full year. Therefore the council is benefiting from less use of certain services (waste collection etc.) while we contribute to the local economy in terms of spending on food, leisure etc.
- Any home that is occupied should pay council tax, but there is no reason to charge extra.
- Are you going to charge for boats and motor homes too ? It's an individuals choice where he puts his money whether behind bar a bet on a horse or into a home. The problem is not enough houses or too many people. Demand outstrips supply so prices increase. Homes aren't cheap to build as regulations are too draconian and a shortage of trades people. This will merely discourage investment hence supply .... yesterday's holiday homes become today's family homes. Look at the chalets built in the countryside in the 20thc now rebuilt as family homes.
- Are you trying to destroy tourism in Wales? Many parts of Wales rely on the second homes. In the second homes they pay rates and don't add to the burden of using the schools or GP's.
- As long as they are used they are probably an asset to the local economy. The community is not being priced out or empty village syndrome like some holiday areas.
- As opposed to long term unoccupied these homes do get used. If this was a high tourist area such as Pembrokeshire where local residents maybe get priced out of the market by second home owners then I think there is a case for increasing charges. However, I see no such pressure in Monmouthshire
- As the owners are paying full Council Tax but only making limited use of services then they are already contributing disproportionately to the provision of Council services. Also, if these homes are let as holiday homes, for example, then that brings visitors into the County, which benefits local businesses. That income might be lost if the policy were to be implemented.
- Charging a council tax premium on 190 properties would not raise a significant amount of money, or help homelessness - the homeless would still be unable to afford to buy or rent these 190 properties if they were on the market. People are homeless because of wider issues in society stemming mostly from local and national government policy. There is no guarantee that the marginal increase in tax revenue would even be used to help the homeless.
- Charging a premium on second homes will not help to solve homelessness. Existing owners are unlikely to dispose of their homes and any premium would be for revenue raising purposes rather than a deterrent. 190 second homes is an extremely small number and would have a negligible effect on revenue.
- Council tax is supposed to be for paying for services. If a home is empty part of the time then fewer local services are used so why should the owner be paying even more for services they don't use?
- Council tax should not be used as a penalty in some kind of class war. Council tax pays for the services used. Second homes should pay in full, but no more.
- don't any one what people to get on in life
  maybe we should not go to work or try to better ourselves because all that happens is people what to take hard earned money off us
- Each second home should be assessed individually.
- Full council tax is already paid but not the same level of cost to the council budget are incurred.

  If the costs go up properties will become uneconomic. There is potential to drive down property values.
- I am a second homeowner. I have a one bedroomed cottage which is used frequently. The property cannot be occupied fulltime as it is judged to be too small for fulltime occupancy by Monmouthshire Council. I already pay £1,920 a year in council tax which

is a hefty amount for such a modest dwelling to pay for the services provided. It would therefore seem to me punitive to charge more than the current rate with the apparent goal of discouraging second home owners in the county. In my case, there is no alternative use for the property, Cattery Cottage, LLanishen.

- I am aware of several second home owners who have inherited modest properties in and around Abergavenny.
  These properties are very well used by families and contribute to local economy each week.
  Driving such owners out of occupancy seems unnecessary to me.

  Applying a law of 3rds to the number of second home owners in Monmouthshire -
  200 second home owners - average Council Tax of £2000.00 per year.
  66 decide to pay the increase of 100% = £132,000 increase in income
  66 decide to sell or rent property to a primary residence buyer - no increase in income from Council Tax.
  66 decide to rent property to person in receipt of universal credit and other exemptions , Council Tax in not paid,
  MCCouncil in deficit of £132,000.
  On balance there is no income benefit from adding a premium to 200 second home owners.
  Better to have income from 200 second home owners x £2000.00 average Council Tax = £400,000.00
- I believe that a lot of the 'second homes' are actually holiday lets that bring money and business into the area. We own one that is let for 100 days per year. We had not yet registered as a FHL due to Covid and we are actually happy to pay 100% council tax. It is not possible for us to reach the new criteria of 182 days so this is no longer going to be an option. The likely impact of an additional premium is that we will have to stop our holiday let. This may well result in another (small) dwelling but the taxis, cleaners, restaurants, pubs, shops, coffee shops, tourist attractions that benefit from our customers will lose out. Our cottage was built as holiday accommodation and is much better suited to than to residential accommodation.
- I do not believe it is fair to further tax individuals (who are likely already high tax payer) to make up for poor management of public finances by both successive governments and local councils. Effective long term strategies need to be developed rather than additional tax burdens. If someone chooses to invest their money in a second property (as opposed to a pension or investments) this is their choice, they will already be subject to income tax and capital gains tax.
- I don't think Monmouthshire has a problem like some places elsewhere in Wales with 2nd homes so a rise would be unnecessary and in fact punitive. 2nd home ownership rates in Pembrokeshire and Gwynedd are four or five times higher than Monmouthshire. So what is the aim? To stop second home ownership when few people are directly affected and the effect on house prices is non existent to negligible? Or just to take money from those deemed able to afford it, without looking at the wider effect that might have. If it's the latter then that's just punishment because the actual cost/use of services of 2nd owners is (usually) considerably lower than standard owners. Many 2nd owners are actually very engaged locally and make efforts to spend money locally.
- I have already explained my rational further up in this questionnaire.
- I strongly disagree that a second home charge should be applied to all second homes. There should be careful thought to the definition of a second home. I agree that those used for a holidays homes can have a negative impact on local communities. I was also surprised and how few second homes (190) there actually are. The definition of job related dwelling does not consider those who have a second home to be close to their workplace. I am a managing director of a SME who lives in Wales during the week and returns to a family home at the weekend. My company did not fund a home for me .

Instead I purchased a house that had been empty for 18 months and brought it back into repair. The business I manage has expanded to provide more local jobs. The consultation feels like a blunt approach. Given I have choice about where to locate the business you give me pause for thought.

- I understand that there are only 190 second homes in the County - a negligible number. Monmouthshire will lose visitors' support to the local hospitality industry and others.. Any premium would clearly be for revenue raising purposes rather than to discourage second homes.
- If the owner uses the property as a second home they are already paying double council tax, utilities and insurance. Increasing the council tax will only force them into selling the property which will mean the money they spend in the local economy will be lost. Also it is highly unlikely that the homeless people this change is trying to help will be able to move into these vacated properties
- If you already collect 100% charge from them (noting the owner may seldom use the local services) where is the justification to charge more - aside from an assumption that the owner can actually pay more
- It is unjustified as second home owners bring wealth to an area and use less services than full time residents.
- It should depend on where the main residence is. If the main residence is also in Monmouthshire then i would imagine a discount would be in order, if its outside Monmouthshire then the standard rate. I can't see how it would be fair to charge a premium when they are using less services.
- It will massively reduce investment in tourism - this policy will reduce the economic generation of wealth into the county and have a negative effect on jobs and investment in tourism.
- Its unclear what these properties are used for holiday lets, holiday homes etc. Its unlikely these would be suitable to tackle homelessness and if lost would negatively impact local economies.
- Mainly empty houses don't use services much, so they're already paying over the odds
- Many "second homes" are properties associated with the owner's main residence, for example properties which were built as, or converted to, holiday lets, encouraged by 'rural diversification' schemes (e.g. farmers needing to diversify their income). Counting these in the same way as holiday homes owned by people living far away would be unfair. In many cases, they cannot be used as permanent homes due to their planning permissions, only as holiday lets (but with year-round occupancy being allowed, thus meaning they don't benefit from existing exemptions). Clearly no-one is going to build a 'holiday home' for their own use, adjacent to their existing home. A rule stating that for a residence to fall under the designation of a 'holiday home', it's owner(s) must live outside of the county of Monmouthshire, would overcome this issue. Note that the WAG requirement for a holiday home to be classed as a business is an unrealistic test in Monmouthshire; it is simply not a sufficiently 'prime' tourist area for most properties to meet the 'number of days rented' hurdle (182 days).
- Many people live in urban environments because of their work and should not be prevented from choosing to visit places with better environments as a part time resident.
- Many second home owners employ tradesmen (builders, gardeners, cleaners etc) and also spend money during their stays here on leisure activities (eating out - a local pub where we eat frequently has said that he relies on regular business from second home owners), shopping locally etc) and money would therefore be lost to the local economy. (I personally have spent in excess of £100,000 doing up a rundown property using two lots of builders, kitchen fitters, bathroom installers, double glazing, garage door installers etc etc and buying expensive furniture and fittings - all from local tradesmen and retailers), we eat out almost every day we are here (frequently winter and summer) and therefore spend lots of money whilst we are here. We do not use council facilities - we even take our rubbish home with us.

- Many second homes are being let as holiday lets. We have a property that is a holiday home and we don't use it at all. We have had to do this as we can't sell the property - we have tried! So instead of it sitting empty we rent it as a holiday let and it brings tourists to the area who spend lots of money. To be penalised for this seems very unfair. If any levy is added it should only be for holiday homes that are left empty for large parts of the year and do not bring tourists to the region.
- Monmouthshire has one of the lowest rates of second home owners in Wales. Well below other counties where second home ownership is viewed as an issue.
  The low number of second homes is therefore unlikely to have any impact on the affordability of housing in the county.
  It is likely if brought in people will sell up or declare as their first home - thereby not increasing revenue for the county.
  Second home owners have already paid a considerable sum of additional land tax upon purchase of a second home in Wales.
  The poll does seem unfair given the low number of second home owners in the county.
- Monmouthshire is not a seaside resort and the house prices currently reflect market prices and are not inflated above the county average
- Most second homes will be rented for part of the year as holiday accommodation, improving the tourist monetary spend in the community
- No premium is acceptable.
- No they are boosting the local economy buy having a second home and visiting or letting it as a holiday let. It is not empty.
- Not all second homes are owned for leisure purposes.
  I own a property in Pwllmeyric which is not my main residence. It is furnished. (so classed as a second home) My daughter locally depends on me for childcare to enable her to continue working for the Dept of Health. Her own health is now significantly compromised with uncertain prognosis.
  Hence I stay frequently to help her out. She does not have the space for me to stay over.

  I cannot move here permanently yet as other daughter in Yorkshire has significant mental health issues following the death of my husband (her father) so I am needed there too.
- Personal interest. My wife and I own a second home in Monmouth. We stay approximately 30 nights each year in our flat. We pay 100 pc council tax. We use very little of council facilities but happy to pay what everyone else pays . We aren't registered with any doctors or dentists. We abided with all covid restrictions and stayed in Bedfordshire. Will you raise lots of income by increase in council tax on a small number of properties .
- Properties would need to be fully accessed, and in fact if properties/rooms were not being used fully for good reason (e.g family use) then a relaxation in community taxation should be considered/given as services are not being used.
- Property owners already pay council tax and bring additional revenue to the local area through tourism. Adding to this is wholly disproportionate.
- Property pays full council tax without consuming services
- Same reasons as set out in 2
- Second home definition too vague
- Second home owner support a large part of our economy and make up considerable hospitality spend
- Second home owners bring money into the region through tourism.
- Second homes is not a problem in Monmouthshire and often they end up being rented and there is a lack of properties to rent due to such measures and also due to the changes in the law for landlords in Wales which provide better protection for tenants but have the unintended consequences of putting off landlords.

- Second homes mean that services in the county are not being used as extensively as they otherwise would be. Therefore, the fact that a property is a second home just means that it is not putting demands on service. Further, if a premium is placed on second homes it seems likely that they would then let them for holiday lets and they would not be liable for council tax, so the council would lose an income.
- Second homes shouldn't have a premium added as in our case there is very light use on services such as waste collection, roads etc. The intention of adding a premium charge is clearly to bring in general revenue and not due to being overrun with second homes in Monmouthshire - 190 homes is a very small number in this county.
- Second properties already paying 100 % of Council Tax despite using only a tiny fraction of the services paid for. E.g. Refuse Collection, Police Service etc !! + Some second properties, such as the one I own, are kept for specific purposes such as providing a base for family members engaged in the care of other disabled family members, which I may add saves the council millions !
- Should be happy people want to live here and you're making a fortune by building all the new houses everywhere- stop being greedy - cut costs elsewhere by stopping wasting money paying for pointless and useless services that only a handful use
- Stop increasing taxes
- Surely we want to encourage people to spend time in our beautiful County, not drive them away by high premiums? We need as many people as possible to come a support local businesses and communities? We already have empty properties in our town centres making them unattractive and unappealing. Bring people in. Don't drive them away.
- Tax is already being paid.
- The county does not suffer from localised problems of second home ownership unlike coastal counties. The premium is therefore inappropriate. The 'political' point may also be made that an individual should be allowed to use their taxed income as they see fit in a free society. The policy is overtly socialist.
- The number of second homes in Monmouthshire is relatively low (compared with other locations in Wales) and the additional revenue recoverable would not justify the controversy the measure would generate and/or the distress that would be caused to some second-home owners who have good reasons for maintaining second homes in the County, relating, for example, to:
  (a) strong family or community ties in the local neighbourhood;
  (b) constraints (e.g. relating to work, caring responsibilities or health issues) currently preventing them from living in the property on a permanent basis;
  (c) longer-term accommodation plans relating to impending or future life-course events (e.g. retirement, career moves);
  (d) combinations of the above.

  Discretionary exceptions could be made for individual cases, but this would require a fair and transparent decision-making appeals process and would be administratively demanding.
- The number of second homes in Monmouthshire would seem to be relatively small and is no doubt significantly smaller than in other parts of Wales. The additional revenue recoverable would disproportionate in relation to the controversy it would cause. Many second home owners need to have second homes, if for example: they have family connections and perhaps caring obligations in more than one part of the UK, or if they have to work a long way from their family home (where this might not be covered by the Class 7 exemption). Also some people buy second homes in readiness as part of a long-term retirement plan.

  If the council is determined to penalise second home owners, they should at least allow exceptions in such cases. But administering this would require some kind of application or appeals process, which would pose an administrative challenge out of all proportion to the value of the revenue at stake.

- The proportion of households classed as second homes is a very small proportion of the housing stock, and causes no issues for local communities. Monmouthshire outperforms most of Wales on the majority of measures based on publicly available data (local area summary statistics), including the provision of affordable housing.
- The second homes may have family living in them.
- The Welsh Government apparent reason for bringing in the new tax rules for second homes was to address issues with people finding an affordable home in the place they have grown up.

  If the County had an issue with young people finding an affordable home this would have been clearly stated as a reason in the consultation paper.

  But it was not

  Instead, Monmouthshire County Council ('MCC') appear to be trying to suggest there is some link between the number of second homes in the County and the alleged 'extremely high levels of homelessness'.

  But absolutely no facts or figures are presented in the consultation paper to support this allegation.

  This allegation has any substance behind it!

  This is simply a ruse by MCC to pull in some additional revenue from second home owners who the Labour controlled council assume must be wealthy.

  According to the MCC website 'Currently there are approximately 190 second homes in the County' and that these properties already pay 100% Council Tax.

  Are second home owners not already paying an additional premium i.e. paying 100% Council Tax when only occupying their property (and therefore local amenities) for less than 50% of the time.

  What is the justification for charging second home owners more that 100%?

  It is ridiculous for MCC to infer that the 190 second homes are somehow causing a detrimental affect on the County and that they should be financially penalised as such.

  And how much additional revenue precisely does MCC seriously think this will raise when there are in fact only 190 second home owners in the County.

- There are few second homes in the county and the second homes already pay full council tax for limited council services. Second home owners bring business into the county through use of local suppliers from building to shopping.
- There is no economic impact assessment provided and no reference to Monmouthshire's own well researched STEAM figures. These should be used to determine the value of a so called second home which may in fact be a valuable holiday rental. Holiday rentals provide jobs, support local services and other businesses including retail and hospitality and including attractions owned by MCC.
  . During the pandemic the lack of trade/employment caused by the ban on self catering guests was painfully apparent. There were severe economic realities as a result. There

is no need to replicate this!
Penalising so called second homes which are in fact rented out is not the way to go. Please be extremely careful when defining a second home. Something which is only used by its owners a few weeks a year is not at all the same as something which is in fact a busy holiday rental. A true second home should be taxed but a holiday rental which narrowly fails to meet the ludicrous new Welsh Government 182 nights rules should NOT be penalised! It contributes greatly to the prosperity of the County! Owners of second homes and rental businesses both invest in the county and spend within it. They support other professions and businesses and are undemanding of services. Where is the economic impact report which allows this to be properly reviewed and understood?

- There maybe justifiable reasons as to why the property is empty, why should the owner have to potentially pay more if this is the case.
- this is not fair on those who worked hard for their 2nd home . the trick it to encourage people to do things and not discourage. most people would sell their houses and this is not going to fix problem of homelessness
- This would be counter intuitive to growing Monmouthshire's growing tourist industry and income from it. Too short-termism and approach.
- This would be punitive for families who have owned second homes for many years and who might struggle to find the extra money to fund additional taxes. We are already very highly taxed.
- Tourism is a major source of income to Monmouthshire and contributes greatly to both the economic and social well-being of the community. I was born in Abergavenny and much of my family continues to live there. I have always come back frequently throughout my life while my parents were alive and since, and I inherited my second home on the death of my father. Since my retirement, I now spend about 40% of my time there & during my and my friends' visits, we use local shops, restaurants and visit local sites, all of which help towards the local economy. My visitors always comment on how lovely the area is and often come back to the area themselves, staying in local hotels/B&Bs, and patronising local pubs, restaurants and shops. I have, and continue to, carry out major improvements and repairs to my home, using local labour, and also employ a local gardener to tend to the property in my absence. I fully intend to retire to this property in the next few years and take up permanent residence.
- Unfair. Negative.
- We already pay full council tax to Monmouthshire County Council. We bought our second home in good faith for love of Wales over 20 years ago and not for gain. Ms Davies has Welsh heritage, she went to Welsh Girls' School in London and Swansea University. We did not expect the proposed increase in council tax. We contribute financially to the local economy when in Abergavenny but use the services less than permanent residents. Between100 - 300% increase in council tax seems discriminatory and unfair.
- We currently pay full council tax on an inherited flat.
  Quite happy to do so.
  Any premium is discrimination of second home owners.
- We have a property classed as a second home but which is a holiday let that we have refurbished and live next door. The holiday let is of a high standard and is let to tourists most of the year. A premium charged by the council on such properties would severely hamper our ability to do business and thus deny the county of tourist revenue spent in nearby shops, pubs and restaurants. Monmouthshire's main income is tourism and such a move to charge a premium on holiday lets threatens to drastically limit the number of good-quality properties for tourists to stay at and visit the county. We employ local people to service the property and operate at a small profit margin. A premium would threaten to make the business untenable. Tourism is Monmouthshire's main revenue source and should be supported rather than penalised.

- We have had a second home in Monmouth for more than 20 years in which we have contributed to the well being of the area by paying our council tax; as second homers obviously we do not benefit as much from all the services provided by the council as permanent buyers, so net contributors to the council.
- What are you trying to achieve?
- While it may appear that everyone with a second property is in a great financial position, that may well not be the case for everyone, and putting everything into that property might be a way to bring them out of financial hardship and try to make life slightly less troubling so they can have some enjoyment with their family. The price of living has already pushed some people to living month to month, nursery fees so people can go back to work, to then charge a additional tax on something which is just about covering itself due to a decline in tourism doesn't seem fair. It would also only serve to decrease tourism in the area further if people then had to stop providing local accommodation and people stopped visiting.
- Why is it appropriate for owners of second properties to pay a premium. The owner of the house is still only using the services provided and charged for by the council tax in the same way someone that owns one house does. If a second home was exempt then i can see why a charge would be applied but do not understand a premium being added.
- Why should owners be penalised for owning a property? When the property is in use it is bringing income into the area.
- Why when people are trying to better them selves should the be screwed over the the council?!?
- You need to encourage tourists and second home owners not turn them off. Putting up prices will only drive costs to the customer not the owner.
- As above, Your definition of "second homes" omits a significant use case, that of holiday let. The threshold for a property to be considered a holiday let (in terms of days per year occupied) is unrealistically high in many cases, and the premiums being proposed threaten the tourism sector, which is a significant industry within Monmouthshire.

- If the house is occupied for part of the year or more frequently as a holiday let then the occupants will be supporting local businesses. Also the property will be maintained.

- In towns where this has been done, it has not stopped people coming, it has only increased rental costs which only goes to exacerbate problems for the locals, putting property ownership further out of reach.

- is the number of second homes in the county large enough, and suitable enough, to make a big difference to either the homeless or those living in the area and wishing to buy? I believe that is the rationale in popular second home hotspots. In all my years in the area I have not been aware of the county being such a hotspot.

- My understanding of the rationale behind the legislation in relation to second homes was that the premium was designed to alleviate problems where communities were being adversely affected through a high concentration of second homes in an area. On the Council's website it states that there are 39,200 Council tax payers and 190 second homes. Second homes therefore account for less than 0.5% of Council Tax payers in Monmouthshire. The exercise of a discretion to impose a premium where there is no second home issue in Monmouthshire may well be regarded as unreasonable and subject to challenge in the Courts.

  To date the Council has clearly decided no premium should be applied even though the discretionary power has existed for some time. The Council would need very clear evidence of changed circumstances - not just the change in the amount of premium it could levy - to justify why a premium should be applied from April 2024, when it was not

applied previously.
Again the administrative costs of introduction of any premium and enforcement would need to be analysed against income that might be recovered.
The contribution of second home owners to the local area should not be overlooked as well as the fact that second home owners are already paying a full Council tax, while using something less than full services.
Finally second home owners can purchase elsewhere. It would be unfortunate indeed if as a consequence of introduction of a premium people who are Welsh by birth feel unwelcome in Monmouthshire.

- Nanny state at its finest, potentially picking on people who've worked hard to afford a second home

- People are entitled to have second homes. It is inconceivable to suggest ,charging them for it. People work hard and want to invest in the county and you are putting them off for ridiculous reasons. Some people use second homes every weekend. some people live in them for 6 months of the year. some have invested in them to retire too. its disgraceful to attempt to charge innocent people who make an effort like these people

- Talk to the owner to see how much use they make of the property, and how much they are contributing towards the local economy.

- This is clearly unfair, second home users will generally use minimal council services so to be changed more is ridiculous. The policy seems to ignore longstanding family connections to the area. In my own case I want to retire to the property - this policy will force me to sell and pay tax and then in a couple of years buy another property and pay tax. The property needs refurbish work before it could be sold causing me more financial cost and stress.
- All dwellings must pay Council Tax
  Council Tax on holiday lets must be included in this.
  There seem to be a large amount of farms with holiday lets. It would a good idea if these payed Council Tax.
- As full Council Tax would be paid whilst a property is used as a second home, I do not believe there is any justification for a premium on second homes as there would probably be less demand on council resources and services for a home that is not continuously occupied.
  Also I do not believe that the owning of second homes in Monmouthshire is anything like the issue arising of high house prices in coastal holiday resorts causing unaffordability issues to local populations.
- Council tax on second homes should not be increased because it will reduce inward flow of money from other parts of Wales and particularly the UK. The discretionary spending of second home owners helps local economies and any reduction would reduce economic activity.

  There is no shortage of properties in Monmouthshire for people to rent or buy. As a result local residents are not forced out of the area by second home owners.

  In addition second homes are likely to be at the higher end of the housing market and the sale or renting of such homes will not meet the County Council's aim of providing affordable housing to buy or rent.
- If increased premiums are due to be paid from 1st April, it doesn't allow much time for an owner to prepare. At the very least it should be increased gradually over a number of

years. Otherwise it could send people into poverty.

What about the cost of living crisis? Council tax prices are increasing for everyone, so is this the right time to be doing this? Potentially this could have a significant impact on families lives and should be very carefully considered.

Owning a second home or long term empty property doesn't mean the owners can afford to pay premiums, it could be that its been in a Welsh family for decades/generations. If the premiums are high, the owners could be forced into selling the property quickly, which may mean accepting a lower price for a quick sale, allowing for rich property developers to come in and renovate and make a profit. Is this something that the Council wants to support? The potential scheme could unfairly discriminate against middle income families, who are already facing tough financial times. Those on high incomes will simply be able to afford the premiums and the property will remain out of use - therefore not solving the problem of a housing shortage.

- It is manifestly unfair to do so
- No, I think it would not be a good idea. It may push people to sell their houses but, in the current climate, the likelihood is that wealthy people from cities will purchase the houses and they will remain as second homes, as the new owners may well have enough money not to be fazed by the premium. Not only that, if you were to announce that a premium will be brought in from the 2024/25 financial year, this might make it more difficult for people in my position to sell their houses.
- NO, the council together with the Welsh government should fund new social housing from taxes already received, NOT from hard working, hard saving individuals.

  WHY should WE be discriminated against just because we worked hard and saved hard. Again, why should we be discriminated against just because the political parties (Conservative, Labour/Liberal and Plaid Cymru) failed over the last fifty years to build new social housing, WHY should WE be PENALISED!
  We were born and grew-up in Monmouthshire but were forced to move away for economic reasons. We've since been lucky enough to inherit a property, which now allows us to provide periodic childcare to our grandchildren who live in the near vicinity. Our children would be also be penalised with additional childcare costs if we couldn't afford the council taxes. Every person in this country received the same basic education and therefore had the same opportunities that we've had to earn a living and provide for themselves. I fail to see why we should have to provide for them.
- People have second homes for many reasons - work commitments elsewhere and to be near older family members at weekends are common reasons. The tourist economy is vital to this area and driving it away to England will not help local businesses. Neither will it solve any housing shortages. The number of second homes is very small so the revenue raised will in no way compensate for the loss of people who come here and spend money in hospitality and retail. Second home owners also make very little use of council services whilst paying full council tax. I have a second home in Monmouth because my family has lived there since 1840 and I care for an elderly family member when I visit. Work and other commitments mean I have to be in London and I can’t have two primary residences. Don’t just see the stereotype - second homes are not about greed. They are also about people wanting to be active in the community. I purchased a property that had been on the open market for many months, I did not pay an inflated price and I was not in competition with a local person. I make no money from my property, I pay full council tax, I spend hundreds of pounds in local businesses every

time I'm in residence, I rarely use council services and I am an active member of the community.

- The proposed premium is indiscriminate in its application. The consultation itself concedes that a second home could be acquired in different ways, e.g. via inheritance. Ownership in itself does not automatically translate into an ability to pay triple or quadruple the standard rate of council tax
- The reason that the cost of property is high and the fact that the area is relatively cheap compared to surrounding areas. This tax will hit people who actually take up less of the council's resources. This is a smokescreen to make it look like the council is doing something, and possibly exclude incomes from the area
- There are around 190 second homes in Monmouthshire. This compares with a total of around 94,000 people (41,000 households) in Monmouthshire - so they constitute a tiny proportion (less than 0.5%) of the total. These homes are already subject to the full 100% council tax charge in Monmouthshire - even though they may not be fully benefiting from council services. So they are already paying a higher rate of council tax (which is being used to subsidise council services for others). To demand that such a tiny minority of residents (likely fewer than 500 occupants out of 94,000) should pay 2, 3 or 4 times the full council tax rate - with no regard to their available income, their financial situation, the nature of their property, or how they came to own a second home - would be punitive and disproportionate, and could potentially cause hardship.
- There is almost invariably a valid reason for a person to own two properties. It could be for family reasons or for personal holiday or health requirements. A second home is already charged a 4% levy on LTT when purchased. If it is to be let for holidays then it will be bringing in revenue to the local economy and the additional council tax will either increase the rental charges or cause owners to sell, either way causing a loss of a vital opportunity for visitors to experience all that the county has to offer
- we get charged and everyone is struggling at the moment any way - I would not have a second home this will be my main home but with covid struggled to get contractors to do renovation works
- We put more into the local economy that take out.
  Use local Eyecare, Hair, Computer Services, Car Service, Builders Supplies, Local Builders and Tree Service , DIY Shop, Garden Centre, Eating out,
  Until lockdown, we have attended many local events, Monmouth Show, St Thomas Church events, Olympic Torch,
- Your Local Housing Market Assessment 2020 2025 does not mention second homes as being a source of tightness in the housing market in Monmouthshire. Of the 38,233 houses in Monmouthshire only 190 (less than 0.5 percent) are recorded as second homes. Second homes are not mentioned in any of the graphs or pie charts in your Housing Market Assessment, presumably because they make up such a tiny proportion of the housing stock.
  The introduction of a premium on second homes could therefore not be considered an economically motivated measure but rather a politically motivated measure which could be easily prove negative to the private commercial revenue of Monmouthshire…

Don't know:

- Consider this on an individual basis. What type of property is this? Is the property being used as a second home and holiday rental? Is there income being generated through this property? If so, what proportion of this income is being contributed back into the community?

- I truly don't know. Part of me says yes - particularly if the second home is let as a business, Airbnb type arrangements. Part of me says no - particularly if the home is only used by the family who own it on a very regularly basis as they are part of a community and contribute to the local economy whilst they are residing. In the latter case, these people use little of our public services (no schooling, social care etc) so charging them more seems churlish. However, if the home is run as a business most of the time then there is an argument for charging more. Indeed, couldn't business rates be charged??
- many of these homes are more remote and not suitable for renting long term. If they are rented out commercially then i guess owners would look to satisfy the business rating aspect and therefore avoid paying any council tax or business rates. These properties could also be providing income for the tourism economy.
- My main home is in Bradford-on-Avon, Wiltshire. My second home in Abergavenny is an inherited property. I have friends in both towns and split my time around 2/3 in England and 1/3 in Wales and am committed to the area. I am an active contributor to my community in Abergavenny. My current plan is to retire to this second home in 3-4 years' time.
- Numbers are small but would bring into
  Line with other areas in Wales
- This is more difficult as second homes may bring in income to the area. However, in areas where occupation is strongly seasonal and there is a shortage of homes for locals, the habit should be discouraged.
- You have written to me in the case of the house in Monmouth which i own. This house was bought by my parents in 1975 (they moved from Llanellen) and was the family home. I lived there before i went to London for work. After that i made frequent trips to the house to see my parents and for holidays and to spend time in Wales . After their deaths i have visited the house for holidays, weekends etc. I regard it as my family home and an important part of my Welsh heritage. It is also the case that i have lived on the street for longer than the vast majority of the people who live there now. It is not a case of "an outsider" who has only been to the area once or twice and snaps up a property. I would be very sad if i were forced to leave Wales through the imposition of a larger council tax. I imagine that to the extent that there are second homes in Monmouthshire , most of them fall into this category, but that is of course for you to say.
- Second homes can be a problem in some cases but can also be a good thing in others and it is very difficult to consider a shotgun situation that hits them all the same way. Punitive rates can be a tool where harm is being caused to a local community due to second homes but I would say that above 50% extra and it becomes a penalty. Letting out holiday homes often provides a vital source of local income in many situations and I think one has to be very careful in not hitting this market.

Level of premium to apply

- A 300% levy is not unreasonable, and may help persuade owners not to use their empty property as a source of unearned income
- 3X is not sufficient either in my opinion. What level should it be? We will only know once 2nd home owners put their 2nd homes on the market. I don't believe 3X will deter many. Let's see, if you do apply 3X.
- All properties should pay full council tax.

- Anyone whom has a second Home can afford the Premium in Council Tax.
- At least 300%..
- Class 5 should be exempt from additional taxation
- Don’t understand what the tipping point is for people to decide to give up second homes.
- Each property should pay Council in relation to their banding.
- For the sake of the environment we should not be building new homes but using the housing stock that currently exists. Not dealing with this issue just pushes more problems for our children and the environment in the future. Discouraging second homes would also help those running holiday cottages, hotels and B&Bs to make a living rather than selfishly wanting a property just for occasional personal use. I do think holiday let's should have higher rateable value too, but that's not the question I suppose.
- Government see landlords & property owners as an easy target - you are already driving people out of the sector and will be spending many multiples of your current expenditure on temporary accommodation. When the chickens come home to roost, you will be asking for help not penalising the sector.
- Here I am talking about true rarely used second homes NOT holiday rentals! However care should be taken. If the second home was fully occupied all year there would be a call on the county to supply health care, roads, school places , refuse collections and many other services. An under used property causes little expense to the county!
- Higher premiums should have a higher impact
- Holiday homes in some areas are too many and this restricts homes available for locals.
- Homes for local residents.
- I am already paying what amounts to a 33% premium on my second home because I am not eligible for the sole occupancy discount. My resources are not limitless so hope that the council will not see this as an opportunity to levy a huge increase. If an increase is agreed I think it is appropriate to limit it to 25%.
- I am now a pensioner and already pay 100% council tax, but do not use services such as waste collection & education for much of the calendar year, so feel that a premium on the tax would be unfair and a disincentive to people who have had to live elsewhere for their working lives from choosing Monmouthshire as a second home destination in favour of other areas across the border in England.
- I believe it is only fair to charge double for those with second homes - these could be left largely unoccupied for most of the year.
- I do not agree with this but any premium should be small and sustainable, council tax is already too high relative to service provision and set to rise again this year.
- I don't think 300% is high enough, but it's as high as I can go.
- I have already explained my rational further up in this questionnaire.
- I would hope that having to pay heavily would encourage owners to sell their property and just rent when they go on holiday.
- If a levy in excess of 100% was ever brought in I would sell up and never visit the area again. We have contributed a lot to the economy of the area and feel that Monmouthshire’s economy would suffer. Having a second home is not the same as an empty property.
- If people can afford two home they can afford the tax.
- If the owner can afford a second home then they should contribute more to the community. This value seems fair for the actual residents.
- If they can afford a second home in Monmouthshire then I would suggest they are very wealthy indeed. We need to put a stop to this and I would even argue for a cap on the number of people from outside the county buying second homes per year. This should be a small number to maximise our housing stock and reduce council need for emergency housing.
- If they can afford two homes then they should be able to afford the premium set

- If you can afford to own two (or more) homes, you can afford to pay a higher rate of council tax for the privilege
- If you can afford to take a second home you should help fund social housing.
- If you could charge 400% I would be happy with that. Local communities deserve affordable and available housing.
- It may be that premiums should vary in different parts of Monmouthshire
- It needs to be prohibitively expensive but it also needs to be applied with consideration and not with a broad brush.
- It would be useful to have more figures.
- Leave it alone, the council should lead by example . The council have plenty of vacant under maintained and un used buildings. The estate needs managing properly to extract its full potential.
- Local people have to move to remoter areas in order to afford a home
- Many second home owners have little understanding, and even less concern for, the social and cultural changes they cause to a rural area. The impacts on house prices for our local young people trying to buy a home has been heart breaking. Hopefully many of these owners, and future prospectors, will go elsewhere for a property 'bargain' if a proper premium is adopted.
- Many second homes will presumably bring in tourist revenue to the area and can be considered to have a net benefit to the county.
- Need to balance housing pressure with the economic benefits of tourism
- No premium
- Obviously N/A is not needed because the statement is only answer this question if....
- Our own children can't afford to get on the ladder locally. It's unfair.
- Owners will turn to the rental market (e.g. air bnb) and pay zero council tax (business rates)as they will fulfil the minimum required letting to qualify.
  This will bring in less council tax and cause potential disruption to neighbourhoods.

  This area of Monmouthshire (Pwllmeyric)is not a holiday destination and the second homes are a relatively low proportion of the total.

  Premiums could be charged on second homes in holiday hot spots to try and level out and sustain the communities.

- Perhaps hike the premium gradually?
- Second home owners are less likely to place high demands on council services but should contribute more than residential owners. They generally bring friends and family to the area and to some extent support the local economy.
- Second homes as holiday lets, provide a good profit for their owners.
- Second homes should contribute to the local economy.
- Should just pay the same as others in area.
- Should not apply to areas of Monmouthshire which are not popular for second homes
- Some categories of second homes should attract a charge - but job related homes never should. The definition for class 7 is not broad enough.
- Somewhere between 50% and 100% would seem right. More than 100% seems punitive, sends a signal that tourism and non residents are unwelcome and will disincentivise investment and tourism. Up to 100% can be justified as a POSITIVE thing that second home owners can do to help the local communities by making a significant extra contribution.
- Start at 2000% and review it later.
- stop holiday homes help the people of Monmouthshire

- The premium should be high.
- There needs to be a significant impact/premium for owning a second home.
- These people who own second homes must be so well off, I can hardly manage bills for one property with out getting into debt.
- They can afford it
- This would assist with paying for amenities and services, without which would people come here for holidays.
- This would ensure that the owners really wanted the property or hasten its return to the market.
- Those buying second homes obviously have excess monies and it will take the maximum premium to discourage them.
- Unknown - to be assessed - determined by each case/ area
- Will act as a disincentive to second home buyers.
- With high levels of homelessness and low levels of house-building re lack of infrastructure to cope with more housing, it's important that all available housing is used to alleviate the social ills for local people as a priority
- Yes, but Covid has left some of us unable to finish a renovation as we were banned from entering Wales for nearly 18 months. So we cannot inhabit the property with no bathroom or kitchen which we want to do and full time. We would like the council to provide more council tax relief until a property is habitable.
- Yes, providing that the money raised is used for suitable purposes.
- CLA believe that people who own a second home in Wales should contribute to the local area that they have purchased a property in. However, this should not impact true holiday accommodation businesses, which rural communities rely on so heavily. Furthermore, the percentage charged should be reviewed on a 3 year basis to allow the rate to be altered to accommodate trend changes to advantage the area and its permanent residents.
- I believe a premium should be added but I am not clear what this might mean in practice and so do not feel able to give an opinion on how much it should be.
- I do have a vested interest. For many years I have owned a small flat in Abergavenny, which I visit frequently. My reasons for doing so are (1) eventually to move to it, and (2) not to be a burden on my family, all of whom live in the vicinity, when I do move. I grew up in the area and am now in my seventies. I also always patronise the local shops for whatever I need, which must contribute to the local economy .
- I think it would be reasonable to develop categories depending on the type of occupation and contribution to the local community.
- Initially I would double the CT on SH but 300% may be needed ultimately.
- Rates are supposed to cover the costs of facilities used/available to householders - not as an easy way to gain more money.
- The people staying in the homes will be spending money and enjoying activities locally so having a positive effect. The homes might not be suitable for permanent residence if they are isolated etc. If the premium is too high , they could become unaffordable to maintain.
- Why penalise a person contributing to the local economy.

- You already charge a full council tax on empty properties that exert little or no cost to the council (road use, refuse collections and other services); it seems this additional charge is largely to punish.
- It doesn't seem unreasonable to pay a premium but not an onerous one.
  The list of exemptions should be reviewed as there are a number of reasons why properties might be classed as second homes..
  The second home properties are already contributing via council tax to services that are not used e.g. waste. If they were occupied properties the costs to the council would rise.
- premium should relate to the value of the second home - similar to the current rateable bandings
- ZERO, why should you rip-off hard working, hard saving individuals. We are OAP's and can't afford additional premiums, especially when we took on the property to allow us to give periodic childcare to our grandchildren

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

Name of the Officer completing the evaluation Ruth Donovan **Phone no:** E-mail: ruthdonovan@monmouthshire.gov.uk	**Please give a brief description of the aims of the proposal** Council tax premiums for long term empty properties and second homes
Name of Service area Revenues	**Date** 14th February 2023

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	There are potential benefits to the proposal if this allows more local people to stay in their communities and support their older relatives.	There is evidence that profiles of second homeowners are generally middle aged or retired. Therefore, the introduction of a council tax premium on second homes could have a greater financial effect on older people.	Provide at least 12 months' notice of premiums to allow homeowners to plan for the future and to take mitigating actions.
Disability	None identified	None identified	N/A
Gender reassignment	None identified	None identified	N/A

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Marriage or civil partnership	None identified	None identified	N/A
Pregnancy or maternity	None identified	None identified	N/A
Race	None identified	None identified	N/A
Religion or Belief	None identified	None identified	N/A
Sex	None identified	None identified	N/A
Sexual Orientation	None identified	None identified	N/A

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	The proposal has the potential to increase the available housing stock to the local community. Allowing families to stay together and support each other. The county is facing some specific issues in respect of house prices, an increasing demand for affordable housing and the use of temporary accommodation. Revenues raised from the premiums will be used to help address some for these issues in the future.	Second homeowners support their local communities, shopping locally etc. Some also rent out these properties bringing people into the county where they spend in the local community.	

3. Policy making and the Welsh language.

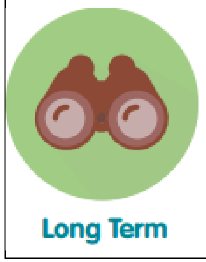
How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favorably	Potential to keep local communities together and for Welsh Language skills to remain in the County.	None identified – considered to be small given the small number of second homes in the county.	N/A
Operational Recruitment & Training of workforce	None identified	None identified	N/A
Service delivery Use of Welsh language in service delivery Promoting use of the language	None identified	None identified	N/A

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Positive: Potentially allows communities/families to stay together rather than having to move away to live and work. Premiums should encourage occupancy and bring properties back into use. Negative: Some second homes help to promote tourism, bringing visitors, jobs and investments to the county. Owners are currently paying 100% council tax and feel they are already contributing to the county. Changes elsewhere within wider rates legislation (e.g. Self Catering rules) have the potential to bring properties back into the Council Tax list and thereby also be liable for the premium. These owners are concerned about the impact this may have on their business	Inform rate payers of any decisions as early as possible to allow them to plan for the future.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	No impact	None identified
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	No impact	None identified
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	See above	None identified

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 globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	No impact	None identified
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	No impact	None identified
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Potential to invest the premium into the supply of affordable homes in the area.	None identified

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?
	Balancing short term need with long term and planning for the future	There is the potential to utilise the income generated from these premiums to improve the supply of affordable homes in the county, which is a more longer term objective	N/A

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?
Collaboration	Working together with other partners to deliver objectives	N/A	N/A
Involvement	Involving those with an interest and seeking their views	Public consultation ran for a period of four weeks to seek views on the proposal to introduce council tax premiums for long term empty properties and second homes. The views expressed were noted and considered as part of the decision making.	N/A
Prevention	Putting resources into preventing problems occurring or getting worse	It is proposed to use some of the revenue generated from these premiums to improve the supply of affordable homes in the county and to reduce the use of temporary accommodation. It is currently costing the Council circa £1m in Housing Benefit costs to fund these placements, diverting money away from other service areas.	N/A
Integration	Considering impact on all wellbeing goals together and on other bodies	N/A	N/A

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	None identified	None identified	N/A
Corporate Parenting	None identified	None identified	N/A

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

- Information from other councils who have introduced council tax premiums
- Welsh Government guidance
- Council tax database
- Public consultation

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?

Positive:

- Any additional revenue generated will be used to help address housing issues (e.g. affordability, availability and use of temporary accommodation) in the county.

- Potentially reduces the number of second homes and empty properties in the county releasing more homes for local people

Negative:

- The likely number of second homes in the county represents a relatively small proportion of the overall council tax dwellings in the county.
- Second homeowners generate income to the local community.
- Potential increase in the Revenues Team's workload and resources for minimal additional income (depending on the percentage premium applied).
- The overall council tax collection rate may reduce if council taxpayers refuse to pay the premium.

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
If a decision is made to charge council tax premiums a notice will be published in the local press giving ratepayers 12 months notice of the change.	March 2023 – press notification April 2024 – start charging premium	Revenues/Finance
A full review of properties listed as a second home and long term empty property will be undertaken	April 2023 to October 2023	Revenues
The council will write to every ratepayer affected to check their details and notify owners of the charge	April 2023 to October 2023	Revenues
Council Tax premiums will be reflected in the Council Tax base for the Authority in 2024/25 and built into the Medium Term Financial Plan	October 2023 to March 2024	Finance
The 2024/25 annual council tax bills and all bills thereafter will include these premiums where applicable	March/April 2024 onwards	Revenues

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	Consultation Responses	14/02/23	

REPORT

SUBJECT:	**2023/24 Capital Strategy and 2023/24 Treasury Management Strategy**
DIRECTORATE:	**Resources**
MEETING:	**Council**
DATE:	**9th March 2023**
DIVISION/WARDS AFFECTED:	**Countywide**

1. PURPOSE

1.1. The purpose of this report is to approve the Capital and Treasury management strategies including the Minimum revenue provision policy and borrowing & investment strategies for the 2023/24 financial year. This report summarises and highlights the key areas relating to the strategies, alongside those areas of key implications and risks resulting from it.

2. RECOMMENDATIONS

2.1. That Council approves the Capital strategy for 2023/24 as found at ***Appendix 1***.

2.2. That Council approves the Treasury management strategy for 2023/24 as found at ***Appendix 2,*** including the:

- 2023/24 Minimum Revenue Provision Policy Statement
- 2023/24 Investment & Borrowing Strategies

2.3. To approve the Prudential Indicators as outlined throughout the strategies and summarised in ***Appendix 3*** that will be used in the performance monitoring of the treasury function during 2023/24.

2.4. That Council receive confirmation that the Governance & Audit Committee reviewed the draft 2023/24 Strategies and subsequently endorsed them to full Council at its meeting on the 16th February 2023, and provided the feedback as noted in paragraph 5 of this report.

2.5. That Council agrees that Governance & Audit Committee should continue to review the Council's treasury activities for 2023/24 on behalf of the Council by receiving and considering quarterly treasury update reports and a year-end report.

3. KEY ISSUES

Overview

3.1. The Capital Strategy and Treasury Management Strategy are inherently linked and the main issues and observations arising from these strategies are summarised in the following sections. In light of the requirement for full Council to ultimately approve these strategies, the Governance & Audit Committee were asked, as part of their delegated responsibility, to review and consider both strategies.

3.2. The strategies were considered by Governance & Audit Committee on 16th February 2023 and a summary of the feedback provided by the Committee is provided in paragraph 5 of this report. There were no significant changes or amendments to the strategies proposed and the committee endorsed the strategies for onward consideration by Council.

3.3. Subsequent to Governance & Audit Committee considering the report, the strategies have been updated to reflect:

- The draft capital budget being updated to align with the final budget proposals considered by Cabinet on the 1st March and Council on the 2nd March. These changes mainly related to an increase in the budget for Public Rights of Way of £50,000 funded from general capital grant, alongside a transfer in borrowing backed budget from Grant match funding schemes into Highways improvements of £500,000 per annum.

- An update to the forecast useable capital receipts balances to reflect the balances being called upon as part of the final budget proposals

- An update to the economic data in section 1 of the Treasury Strategy to reflect more up-to-date information available

3.4. These changes have no material impact of any of the prudential indicators such as borrowing limits or net financing costs that are included within both strategies.

2023/24 Capital Strategy

3.5. The Capital Strategy sets out the longer-term context in which capital investment decisions are made and demonstrates that the Authority takes capital investment decisions that are in line with its Corporate priorities, and gives consideration to both risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to the stewardship of public funds, value for money, prudence, sustainability and affordability.

3.6. The capital plans of the Authority are inherently linked with the treasury management activities it undertakes, and therefore the Capital strategy is brought alongside the Treasury management strategy.

3.7. The main considerations arising from the Capital strategy shown in ***Appendix 1*** are summarised in this report below.

3.8. The Capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

3.9. The Cabinet's draft Community and Corporate Plan establishes a clear purpose to become a zero-carbon county, supporting wellbeing, health and dignity for everyone at every stage of life and sets the goals for Monmouthshire to be a:

- A fair place to live where the effects of inequality and poverty have been reduced;
- A green place to live and work with reduced carbon emissions, making a positive; contribution to addressing the climate and nature emergency;
- A thriving and ambitious place, full of hope and enterprise;
- A safe place to live where people have a home and community where they feel secure;
- A connected place where people feel part of a community, are valued and connected;
- A learning place where everybody has the opportunity to reach their potential.

3.10. Achievement of these objectives will be pursued via actions driven by an array of enabling plans and individual service plans. In some instances, these actions will involve a requirement for capital investment.

3.11. Whilst Cabinet make recommendations regarding the capital investment to be included within the programme, it is full Council that approves the borrowing limits that the overall programme must adhere to. A large degree of capital investment is funded from grants, or internal resources such as capital receipts and specific reserves, which do not impact on borrowing levels, but where borrowing is required, it is important that the approved limits are not exceeded. This is an important area of overall financial management governance in that debt funded capital expenditure, and the external borrowing that results, locks in the Council into financing costs sometimes for as long as 50 years. These costs are comprised of the external loan interest costs, and the provision made for financing the principal repayment of the loans, known as Minimum Revenue Provision (MRP).

3.12. In the current climate of financial constraints and a continued medium term revenue budget gap, capital investment needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.

3.13. Within the context of significant demands for capital resources and limited availability, there is the need to develop our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer and corporate visibility and assessment of demand for schools, highways and other operational assets.

3.14. **Setting Capital Budgets**

Capital Medium Term Financial Plan (MTFP)

Scheme type	**Indicative Budget 2023/24**	**Indicative Budget 2024/25**	**Indicative Budget 2025/26**	**Indicative Budget 2026/27**

Asset Management Schemes	2,230,049	2,230,049	2,230,049	2,230,049
School Development Schemes	29,324,638	19,456,606	4,151,797	0
Infrastructure & Transport Schemes	6,822,740	4,147,740	4,047,740	4,047,740
Regeneration Schemes	602,900	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	413,000	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,007,500	507,500	507,500	507,500
Other Schemes	570,000	570,000	570,000	570,000
TOTAL EXPENDITURE	**45,670,828**	**30,755,096**	**15,350,287**	**11,198,490**

3.15. The capital MTFP and capital strategy seek to work towards a financially sustainable core capital programme, whilst balancing the need to deliver capital investment plans in line with policy commitment and need. When considering the relative merits of further capital investment, the Capital and Asset Management Working Group (CAMWG) will apply the priority matrix in the capital strategy, either endorsing or amending the proposal for onward consideration by SLT and Members through the agreed mechanisms in place.

3.16. Council approve the overall revenue and capital budgets following recommendations from Cabinet. They also approve the borrowing limits that 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.

3.17. **Capital Financing**

3.18. All capital expenditure incurred has to be physically financed. Once the finite available sources of internal financing (capital receipts, reserves/revenue) and external grant financing are extinguished the Authorities only recourse is to debt (borrowing).

Capital financing in £m

Source of funding	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
External sources	21.6	16.3	6.2	2.5
Capital Receipts	4.3	1.7	1.6	1.6
Revenue Reserves	0.1	0.1	0.1	0.1
Leasing	1.5	1.5	1.5	1.5
Debt	18.2	11.1	6.0	5.5
Total	**45.7**	**30.8**	**15.4**	**11.2**

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

Proportion of financing costs to net revenue stream

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

3.20. The table above compares borrowing financing costs to the net revenue stream i.e. the amount of income from Council Tax, business rates and general government grants. The overall proportion of financing costs remains fairly static over the MTFP window which is reflective of the total revenue stream increasing in line with expected inflationary impacts whilst the financing costs increase moderately in line further capital investment made, most notably the completion of the new Abergavenny 3-19 school.

3.21. Total financing costs remain sustainable within the context of the Authorities overall revenue budget in so much that they are fully provided for within the medium term revenue budgets.

Ongoing Capital Programme Development

3.22. In light of continuing local government funding constraints, it is important that the Council understands the key risks and future aspirations for capital investment. These are captured through various plans and strategies across the Council. As noted previously, there will be a range of priorities originating from these plans, particularly the draft Community and Corporate Plan which will look to deliver on aspirational long term objectives such as the decarbonisation agenda and affordable housing.

3.23. Alongside this, it is important to consider the requirement to maintain the Councils current asset base. Constrained funding levels in previous years has resulted in a maintenance backlog which gives rise to the potential for major asset failures to occur where issues have developed over time. Although the risks associated are captured through ongoing condition surveys and monitoring, it is inevitable that as time progresses that more significant sums of investment will be required to maintain or substantially refurbish ageing assets.

3.24. There will inevitably be other priorities to be considered for inclusion within the capital programme over the medium to longer term, with the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes that will require substantial match funding commitments. The consideration to support such priorities will need to be carefully balanced against other competing demands.

3.25. **Capital Receipts**

3.26. Any assets which are deemed to be surplus to service requirements will be identified for possible sale/income generation in consultation with the Estates department. The procedures governing disposals are captured in the Council's Surplus asset disposal policy.

Forecast Capital receipts

	2022/23	2023/24	2024/25	2025/26	2026/27

	£000	£000	£000	£000	£000
Balance as at 1st April	8,773	9,890	7,112	6,051	4,590
Less: capital receipts used for financing	(3,975)	(1,725)	(1,158)	(1,058)	(1,058)
Less: capital receipts used to support capitalisation directive	(3,410)	(3,008)	(508)	(508)	(508)
Less: Reserve cover for redundancies	0	(1,000)	0	0	0
Capital receipts: Received	7,072	0	0	0	0
Capital receipts: Forecast	1,430	2,954	604	104	104
Forecast Balance as at 31st March	**9,890**	**7,112**	**6,051**	**4,590**	**3,129**

3.27. The value of Capital receipts forecast after 2023/24 drops off quite considerably which is reflective of the replacement local development plan (RDLP) not proceeding as quickly as envisaged in the original delivery agreement. This will have a substantial impact on the balance of receipts available to fund future capital investment demands. It is therefore important that reliance on capital receipts used to support capitalisation direction (to fund one-off revenue costs eligible to be met from capital resources) is seen as a short term measure only.

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

4. 2023/24 Treasury Management Strategy

Overview

4.1. The treasury management strategy sets out the Council's longer term borrowing requirement and plans, which is driven mainly by the capital programme requirements and the resulting impact on the revenue budget.

4.2. It includes how it will manage and invest its surplus cash which also have various indicators and limits set as part of prudential indicators and treasury management indicators, and will also include additional guidance of the Welsh Government Investment Guidance and the Minimum Revenue Provision Policy.

4.3. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the TM Code) which outlines that capital expenditure plans should be:

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

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

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

4.4. The Governance & Audit Committee in its role as the Council's delegated body to review and scrutinise the authority's financial affairs must, for 2023/24, receive as a minimum a quarterly treasury update report including an annual report after its close on treasury management activities during the year.

4.5. Overall responsibility for treasury management remains with the full Council. In effect, that body delegates the execution and administration of treasury management decisions to the Section 151 officer or deputy who will act in accordance with the Treasury management strategy, treasury management practices and CIPFA's Standard of Professional Practice on treasury management.

4.6. The detailed Treasury strategy for 2023/24 is included at ***Appendix 2***. Key points of interest are summarised below.

4.7. In broad terms, the Treasury strategy remains very similar to previous years, such that the Council remains a net borrower from the market, and utilises internal resources to reduce net borrowing costs, known as internal borrowing.

4.8. In order to keep the Authority's borrowing costs lower, the external borrowing total is split fairly equally between long and short term recurrent borrowing. At current market levels short term borrowing achieves a reduction in cost but causes an increase in interest rate risk. Although interest rates are expected to rise marginally in the near term, it is not expected that short term rates over the MTFP window will exceed current long term rates. The Treasury team continues to optimise its loans and investments to reduce the net cost of borrowing while ensuring that security and liquidity levels are maintained at a suitable level and the various risks are properly managed.

Borrowing Strategy

4.9. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. This is known as internal borrowing and will form a key part of the borrowing strategy for 2023/24, as it has done over recent years.

4.10. 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 currently forecast to rise modestly.

4.11. The Council has previously raised the majority of its long-term borrowing from the PWLB and expects to continue to do so during 2023/24. PWLB loans are no longer available to local Councils planning to buy investment assets primarily for yield and the Council intends to avoid this activity in order to retain its access to PWLB loans.

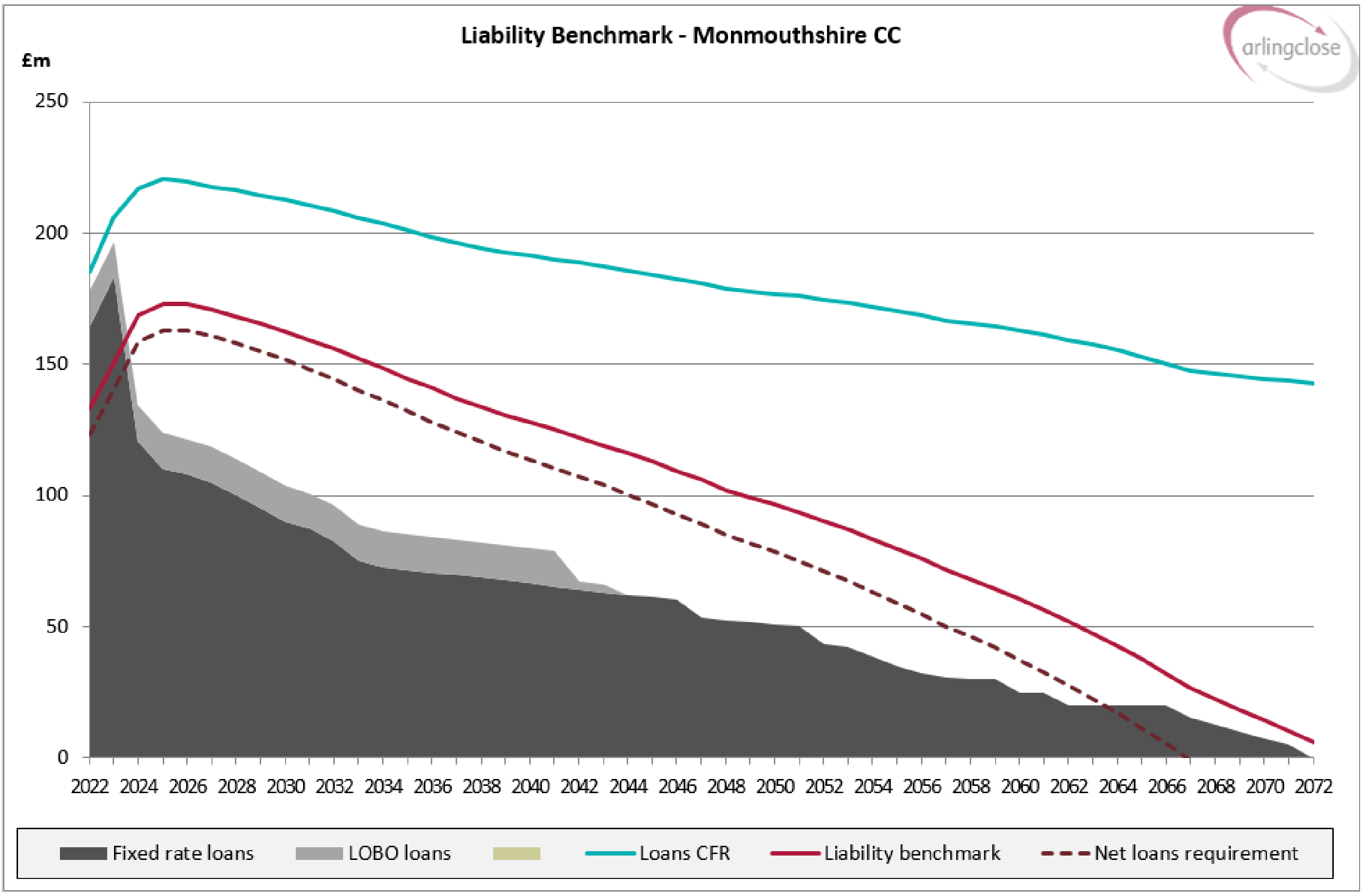
4.12. Short term borrowing has traditionally been sourced from the inter-Local authority market and this is expected to continue during 2023/24 as it provides a low administration cost option for borrowing at competitive rates of interest.

Liability benchmark

4.13. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing.

4.14. 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.

4.15. The long-term liability benchmark below assumes capital expenditure funded by borrowing is maintained as per the capital MTFP and thereafter £5.5m per year; that minimum revenue provision on new capital expenditure is based on the current policy, and; income, expenditure and reserves held are not increasing or decreasing beyond the MTFP window. This is shown in the chart below:



4.16. Our underlying need to borrow is shown by the top blue line and increases sharply over the short term due to the current approved capital programme, and notably the new King Henry school which is part funded by borrowing. However, over time the requirement reduces gradually because the amount of borrowing modelled per annum (£5.5m) is less than the amount of funds being set aside within the revenue budget to meet future borrowing repayments (MRP).

4.17. The use of reserves and working capital in lieu of debt reduces the overall need to borrow and therefore the Council is expected to need total external borrowing between the full and dotted red lines. As our existing loans portfolio (shown in grey) reduce as loans mature, new loans will therefore be required to fill the gap between the total of the grey areas and the red lines over the longer term. The Council intends to maintain about a 50% level of short term loans which will partly fill this gap, but we will still need to take out longer term loans, mainly to replace existing borrowing that is maturing or if longer term interest rate projections are significantly higher.

Gross Debt and the Capital Financing Requirement

4.18. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen in the table below, the Council expects to comply with this over the medium term window based on current estimates of future debt levels.

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

Authorised limit and Operational boundary

4.19. The Council is legally required to approve an Authorised Limit for external debt each year. The Authorised Limit is the absolute maximum amount of borrowing that can be undertaken, in order to manage the overall, day to day, cash requirements of the Council. It also allows for a level of borrowing in advance of need to be undertaken, where appropriate and affordable. In addition, the Council sets an 'Operational Boundary', which is the expected level of borrowing required to finance the current Capital Programme. Any increase required to the Authorised Limit needs to be approved by full Council.

4.20. Based on the capital programme proposed, it is recommended that the Council approve the following authorised limits and operational boundaries:

Authorised limit and operational boundary for external debt in £m

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

Investment Strategy

4.21. Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income

4.22. The Authority continues to hold a minimum of £10m of investments to meet the requirements of a professional client under the Mifid II regulations (Markets in financial instruments directive) and therefore consideration will continue to be given to investing balances with a more medium to long term outlook, albeit within the confines and framework of the internal borrowing approach outlined above.

4.23. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however the Council will closely monitor the returns on these investments in light of a heightened interest rate environment.

4.24. The approved counterparty list and limits are shown in table 17 of the Treasury strategy. The investment limits proposed complement the Authorities objective of striking an appropriate balance between risk and return, whilst minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

4.25. It is important to note that the counterparty rating limits and investment maturities act as limits and not targets and are further informed by market information alongside bespoke periodic advice from our treasury advisers as to sustainability and financial robustness of specific counterparties.

Environmental, social and governance (ESG) policy

4.26. 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.

4.27. In 2023/24, when investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

4.28. A commitment was made by full Council in September 2022 to investigate how responsibly the Council invests it cash balances, and to develop a sustainable investment policy that is compatible with the Council's declaration of a Climate Emergency and the Well Being of Future Generations Act. As noted above, the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investments funds or bodies are multifaceted which makes current evaluation increasingly difficult. The Council will continue through 2023/24 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.

Annual Minimum Revenue Provision (MRP) Policy Statement

4.29. The annual Minimum Revenue Provision is the mechanism used for spreading the capital expenditure financed by borrowing over the years to which benefit is provided. Regulations state that the authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent. In addition, there is the requirement for an Annual Minimum Revenue Provision Policy Statement to be drafted and submitted to full

Council. This is shown in section 8 of the strategy. The policy also makes consideration of the Welsh Government MRP guidance.

4.30. The MRP policy remains unchanged from 2022/23, which for supported borrowing is the asset life method with equal instalments over 50 years, and for unsupported borrowing the asset life method on an annuity basis.

Prudential Indicators

4.31. The prudential indicators as recommended under the Prudential Code are outlined within the strategy documents and summarised in ***Appendix 3*** and set out the limits and indictors that the treasury function will operate under for 2023/24.

5. Summary of Governance & Audit Committee consideration

5.1. The Governance & Audit Committee has delegated responsibility to consider the Capital and Treasury strategies before endorsing to full Council for approval. The strategies were considered by Governance & Audit Committee on 16th February 2023 and the Committee were asked to review and provide comments on both strategies, including the embedded borrowing and investment strategies and the Minimum Revenue Provision policy statement.

5.2. The Committee resolved to endorse the Strategies to full Council and provided the following comments and observations, for which the management response is shown alongside if appropriate:

Capital strategy feedback

- Capital receipts levels are continuing to decline and will consequently mean that additional borrowing will need to be taken to further any capital investment plans the Council has. How close are we to the limit of affordability in terms of the revenue cost of servicing borrowing?
  Response: Need to keep close monitoring of treasury costs as a proportion of net revenue budget. The level is increasing marginally over MTFP reflective of investment in Abergavenny 3-19 school, but is considered affordable in light of overall revenue budget. The Council has been successful in attracting significant grant funding in recent years which has avoided the need for further significant borrowing, but moving forward, capital pressures and investment aspirations will inevitably lead to a further call on borrowing, and this will need to be weighed carefully against other options and priorities.
  Affordability of borrowing also needs to be weighed against the potential for further investment to reduce the future revenue maintenance burden.

- Clarification was given around the variability of capital investment in the indicative medium term capital budget which is primarily due to the one-off investment in the new Abergavenny 3-19 school over the first 3 years of the MTFP. It was noted that the core programme of funding is comparatively small and represented by £5.5m of borrowing, alongside £2.5m from external sources and £1.7m of internal resources.

- Clarification was provided over the timing and development of a medium term financial strategy and how this will align with the capital strategy and other enabling plans of the Council.

Treasury Strategy feedback

- Commercial assets – the committee noted that a breakdown of gross income over the various assets would have been more helpful to the reader, rather than the consolidated position shown in table 10. It was also noted that reporting gross income as opposed to net is not particularly helpful to the reader.
  Response: Format of the report is heavily prescribed by guidance and code requirements. The reporting of gross income is to enable the monitoring of the Council's overall reliance on commercial asset income as a funding source for the revenue budget. Monitoring of this indicator will enable the risk to be weighed of any one funding source being significantly relied upon.
  The net returns of commercial assets are reported regularly through periodic revenue monitoring reports.

- Clarification was given over the Investment Committee responsibility for monitoring and overseeing commercial investment performance and that the intention remains for revised governance arrangements around commercial investment assets to be considered and as required to be reported subsequently to Council for approval.

- In relation to commercial investment assets, it was noted that a trend analysis of the value of assets and income received per asset over time would be useful to the overseeing committee and it was requested if this could be considered moving forward.

- How regular are option appraisals and exit strategies carried out on the Commercial asset portfolio? Where does responsibility for this lie?
  Response: Current responsibility with Investment committee who meet regularly to consider options. Outside of that regular dialogue between commercial landlord and finance teams to monitor financial performance and risk, as well as being included in the periodic revenue budget monitoring. Need to be mindful that despite challenging economic conditions the commercial portfolio still returns a net income to the revenue budget, and if disposed of will need to be replaced with reduced cost or additional income in alternative areas.

- Clarification over the future intentions to expand Solar Farm capacity through the RLDP or otherwise, and the fit with wider policy objectives.

- Clarification that exit strategies for Newport leisure park are being considered regularly, and confirming the ability to secure further PWLB loan funding to enhance or maintain the asset as part of alternative strategies.

- ESG investment policy – one member noted that whilst conscious of the pressures in internal finance resources over the recent period, there was disappointment that the ESG policy is not further developed and there isn't a commitment to timing of when it will be further enhanced.
  Response: Discussion ongoing with treasury advisors around development of ESG policy and will update G&AC accordingly as we move through the year. Development will need to be weighed against wider finance resources, and the availability of data and frameworks that will allow a suitably developed approach to be taken.

6. REASONS

6.1. This report, and the Capital and Treasury Management strategies appended highlight the revenue implications from capital expenditure, and for the need for the capital plans of the authority to be affordable, prudent and sustainable. The Capital Strategy highlights the anticipated increase in borrowing required over the longer term and the revenue costs resulting from the current Capital programme.

6.2. Whilst the current Capital programme is considered affordable, and the necessary capital financing budgets included as part of the 2023/24 revenue budget, it is important that expenditure is kept within the financing limits within the programme. If further borrowing is required, this will need to be approved by full Council.

6.3. The Authority is required to produce a Treasury Management Strategy including annual investment and borrowing strategies in order to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code").

6.4. The Authority is required to produce an MRP policy statement in order to comply with the Local Authorities (Capital Finance and Accounting) (Wales) Regulations.

7. OPTIONS APPRAISAL

7.1. As contained within the strategies shown at ***Appendix 1 and 2***.

8. EVALUATION CRITERIA

8.1. Not applicable.

9. RESOURCE IMPLICATIONS

9.1. The medium term treasury budgets, contained within the 2023/24 revenue budget proposals were constructed in accordance with the strategy documents appended to this report. Consequently, there are no additional resource implications directly arising from this report.

9.2. The Council's indicative treasury budgets for the next 4 years are:

	Indicative Base 2023/24	Indicative Base 2024/25	Indicative Base 2025/26	Indicative Base 2026/27
Total Interest & Investment Income	(635,148)	(582,790)	(555,379)	(552,913)
Total Interest Payable & Similar Charges	6,756,791	7,317,224	7,481,264	7,628,285
Total Charges Required Under Regulation	6,877,043	7,124,560	7,462,557	7,599,833
Total	**12,998,686**	**13,858,994**	**14,388,442**	**14,675,205**

9.3. However, there are some key future financial risks on medium-term treasury budgets concerning:

- The indicative capital medium term financial plan for 2023/27 has been shared with members as part of the capital budget setting process. Should future additions to the programme be required that are funded from borrowing, then treasury costs, affordability considerations, and impacts on the capital financing requirement and external borrowing requirement would need to be updated.

- The Authority continues to make plans to assess the capital receipts which can be obtained from selling property assets. Without these receipts being available to fund capital expenditure, further capital investment over and above the core programme will need to be funded by additional borrowing.

- Base and short-term interest rates are expected to remain at lower levels in the medium term and the Treasury strategy allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates. However, the current and future UK and global economic environments remains extremely uncertain and will need to continue to be closely monitored.

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

10.1. There are no implications directly arising from the recommendations and decisions highlighted in this report.

11. CONSULTEES:

Deputy Chief Executive (Section 151 officer)
Arlingclose – Treasury Management Advisors to Monmouthshire CC
Cabinet
SLT
Governance & Audit Committee

12. BACKGROUND PAPERS:

Appendix 1 **–** 2023/24 Capital strategy

Appendix 2 - 2023/24 Treasury Management Strategy including the Minimum Revenue Provision policy statement and Investment & Borrowing Strategies

Appendix 3 **–** Prudential Indicators

13. AUTHORS:

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Capital Strategy & Treasury Management Strategy 2023/24

Contents

1. Executive Summary

Capital Strategy

1.1. The requirement for Local Councils to produce an annual Capital Strategy is outlined in the CIPFA 2021 Prudential Code.

1.2. In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, Councils should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.3. As local Councils become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and the financial risks to which the Council is exposed.

1.4. With local Councils having increasingly wide powers around commercialisation, more being subject to group arrangements and the increase in combined Council arrangements it is no longer sufficient to consider only the individual local Council; the residual risks and liabilities to which it is subject should also be considered.

1.5. The Capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.

1.6. Decisions made now on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Treasury Strategy

1.7. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.

1.8. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the TM Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local

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

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

1.10. **KEY PRINCIPLE 1**

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

KEY PRINCIPLE 2

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

KEY PRINCIPLE 3

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

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

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

2023/24 Capital Strategy

1. Introduction

1.1. This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and a summary of the implications for future financial sustainability.

1.2. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

1.3. Current Welsh Government legislation on the flexible use of capital receipts permits them to be used to fund revenue expenditure that will generate ongoing savings or reduce revenue costs or pressures over the longer term to an Council, or several Councils, and/or to another public body.

1.4. In the current economic climate of financial constraints and a continued Medium Term Financial Projection (MTFP) revenue budget gap, expenditure on capital needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.

1.5. The strategy highlights the key risks and considerations:

- The Council's medium term capital programme contains a substantial amount of borrowing, in particular until 2024/25 as part of the financing package of the new King Henry school in Abergavenny. Whilst this is affordable and included in the medium term revenue budget considerations, it would be unsustainable to continue at a such a heightened borrowing level thereafter, especially given the current economic climate and ongoing pressures upon the Council's revenue budget.
- Within the context of significant demands for capital resources and limited availability, there is the need to develop our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer visibility and assessment of demand for maintenance of assets such as property, highways and other operational assets, as well as focussing on asset rationalisation.

- Useable capital receipts have been used successfully to provide a limited one-off resource to support financing of the capital programme. In recent years the Council has made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off revenue costs associated with service reform. The Council has called upon this flexibility since 2019/20 and plans to do similarly over the medium term.

- With useable capital receipts forecast to reduce to £3.1m by the end of 2026/27, the continued use of capital receipts for this purpose is recognised as necessary but will constrain the amount of receipts available for future capital investment.

- Approval of capital expenditure funded through borrowing locks the Council into committing revenue funding over a very long period (as long as 60 years). With Minimum Revenue Provision (MRP) budgets increasing over the medium-term, the Council needs to ensure its capital plans remain affordable and sustainable.

- The prudential indicators, including borrowing limits, are in line with the final budget proposals presented to Cabinet and Council in March 2023.

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

1.7. The strategy sets out:

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

2. The Prudential Code

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

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

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

- **SUSTAINABLE –** taking into account the arrangements for repayment of debt (including through MRP) and consideration of risk and the potential impact on the Council's overall financial sustainability in the medium to longer term.

2.2. The risks associated with investments for commercial purposes should be proportionate to the Council's financial capacity and standing.

2.3. Treasury management decisions should be taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

2.4. The Prudential Code requires Councils to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-term financing implications and potential risks to the Council.

2.5. In order to demonstrate that local Councils have fulfilled these objectives, the Prudential Code sets out the prudential indicators that must be used, and the factors that must be taken into account. These indicators are presented alongside the final budget presented to Council.

2.6. **Governance & reporting**

2.7. The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with full Council. Although the detailed implementation and monitoring is delegated to Governance and Audit Committee, ultimate responsibility still lies with full Council.

2.8. The responsibility to approve the Capital strategy and the annual Treasury management strategy (including the investment strategy and MRP policy statement) lies with full Council.

2.9. Council delegates responsibility for the detailed implementation, monitoring and scrutiny of its treasury management policy, strategy and practices to the Governance & Audit Committee and for the execution and administration of treasury management decisions to the Section 151 officer or deputy, who will act in accordance with the policy and strategy and follow CIPFA's Standard of Professional Practice on Treasury Management.

2.10. The Council recognises the value in the use of treasury advisors to support the management of risk and to access specialist skills and resources. Support provided by its current advisors Arlingclose Limited includes advice on timing of decision making, training, credit updates, economic forecasts, research, articles and advice on capital finance.

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

3. Setting capital budgets

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

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

Scheme type	**Indicative Budget 2023/24**	**Indicative Budget 2024/25**	**Indicative Budget 2025/26**	**Indicative Budget 2026/27**
Asset Management Schemes	2,230,049	2,230,049	2,230,049	2,230,049
School Development Schemes	29,324,638	19,456,606	4,151,797	0
Infrastructure & Transport Schemes	6,822,740	4,147,740	4,047,740	4,047,740
Regeneration Schemes	602,900	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	413,000	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,007,500	507,500	507,500	507,500
Other Schemes	570,000	570,000	570,000	570,000
TOTAL EXPENDITURE	**45,670,828**	**30,755,096**	**15,350,287**	**11,198,490**

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

- Council approve the overall revenue and capital budgets following recommendations from Cabinet. They also approve the borrowing limits of which the capital programme will need to remain within (***the Authorised limit***). This limit is a key performance indicator for treasury management and ensures that capital expenditure is limited and borrowing remains within an affordable limit.
- Any variation of the Authorised borrowing limit can only be approved by Council.

- Council approve the Treasury Management, Investment & Borrowing strategies, which are intrinsically linked to capital expenditure and the capital strategy.
- Items of capital investment are discussed and scrutinised at the Capital and Asset Management Working Group (CAMWG), which is made up of senior officers from all service areas. Discussion also includes planning for asset disposals; where capital investment is required, and; prioritisation of that investment in line with the priority matrix and the other strategic plans in place.
- Recommendations on capital investment will be made by CAMWG to the Strategic Leadership Team (SLT) following review of the project appraisal, who will consider for onward inclusion in the capital budget and to be considered further by Cabinet and Council.
- Monitoring of capital expenditure is reported to Cabinet and includes updates on capital receipts and any consequential impact on the revenue budget of the scheme progress made.
- The 2023/24 and forward capital budgets include investment in schemes which attract significant match funding from external bodies which services will be responsible for bidding for. The CAMWG will play a pivotal role in ensuring that this investment is properly aligned with the overall Community and Corporate Plan priorities and is robustly assessed against the agreed priority matrix included below.

3.3. The identified backlog of capital budget pressures that currently sit outside of the above capital MTFP totals £52m and indicates that there is a higher call for capital expenditure than the Council considers it can affordably finance. This means that capital schemes will have to be prioritised or the capital available has to be spread more thinly than is ideal. All stakeholders must recognise that funding capital expenditure by borrowing only defers the charge to revenue budgets to future years, but at the same time if capital maintenance works are deferred then the total life costs of supporting an asset are likely to increase. This effect is often veiled in medium term financial planning as asset lives are much longer than four years.

3.4. Annual investment included in the capital programme for property maintenance, highways maintenance, relevant specific capital grants and the future schools programme will assist in addressing the highest priority backlog issues, focussing on worst condition first and associated risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be utilised to offset the backlog funding required. This will not address the specific total backlog but is a way of targeting the main issues in an affordable manner.

3.5. There may be other requirements for capital funding for schemes that are not yet contained within the overall programme. Any new schemes that arise during the year will either need to be funded via specific funding sources (e.g. external grant) or represent a call upon any available programme under spends. It is important that capital expenditure remains at an affordable level within the framework agreed and, therefore, prioritisation of capital expenditure is essential and needs to be affordable and sustainable in the long-term.

3.6. The below priority ranking matrix approved as part of the inaugural capital strategy assists the CAMWG and SLT with their considerations of future capital investment.

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

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

4. Capital financing requirement

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

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

Source of funding	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
External sources	21.6	16.3	6.2	2.5
Capital Receipts	4.3	1.7	1.6	1.6
Revenue Reserves	0.1	0.1	0.1	0.1
Leasing	1.5	1.5	1.5	1.5
Debt	18.2	11.1	6.0	5.5
Total	**45.7**	**30.8**	**15.4**	**11.2**

4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

4.3. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace the debt.

4.4. The table below provides the medium-term outlook for the Council's CFR, inclusive of the impact of PFI arrangements. This is based on the indicative medium term capital programme and, therefore, does not reflect any potential additional borrowing beyond that already approved.

Table 3: CFR and related MRP charges in £m

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

4.5. The increase in capital expenditure, including that funded via other sources, will be a considerable operational challenge to achieve, as evidenced by the significant levels of slippage incurred over recent financial years. Therefore, it is important to recognise the possibility that the actual CFR may be lower than estimated by the end of the 2023/24 financial year, and in turn reducing the actual need to undertake external borrowing.

4.6. This presents a difficult consideration for the Council, as it is important that capital expenditure plans are realistic, as otherwise this can result in unnecessarily committing resources towards capital financing budgets, which in turn restricts alternative investment in achieving its service aspirations.

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

5. Revenue budget implications

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

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

Proportion of financing Costs to net revenue stream	**2022/23 Estimate £m's**	**2023/24 Estimate £m's**	**2024/25 Estimate £m's**	**2025/26 Estimate £m's**	**2026/27 Estimate £m's**
Net Interest payable	3.9	6.1	6.7	6.9	7.1
MRP	6.7	6.9	7.1	7.5	7.6
Total Financing costs	**10.6**	**13.0**	**13.8**	**14.4**	**14.7**
Net Revenue Stream	175.1	189.6	196.0	199.6	203.3
Proportion of net revenue stream %	**6.06%**	**6.86%**	**7.04%**	**7.21%**	**7.23%**

5.2. The overall proportion of financing costs remains fairly static over the MTFP window which is reflective of the total revenue stream increasing in line with expected inflationary impacts whilst the financing costs increase moderately in line further capital investment made.

5.3. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years afterwards. The Section 151 officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because the financing costs have been spread over no more than, the lower of 50 years and the expected life of the resultant asset, so the assets will be paid for by the Council tax payers benefitting from them over the life of the assets. The financing costs for assets funded by debt are included in each annual revenue budget which is balanced before approval by Council.

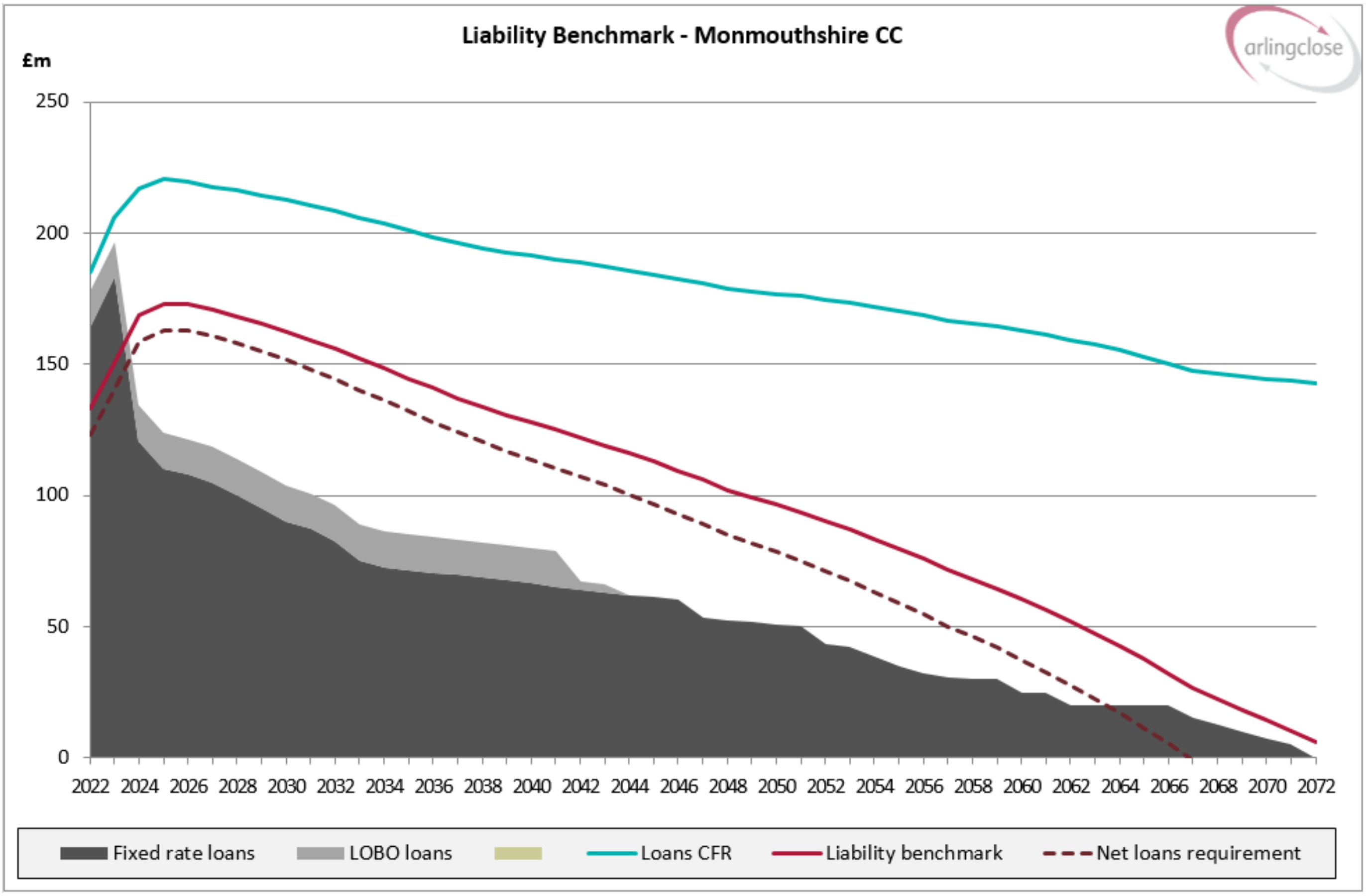
6. Long term capital financing projections

6.1. Capital investment is often for assets which have a long-term life i.e. buildings and road infrastructure may have an asset life in excess of 50 years. The financing of these assets could also be over a long-term period. Therefore, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once capital expenditure has been financed from borrowing the Council is committed to the revenue implications arising from that decision (i.e. the annual cost of MRP) for a long-term period.

6.2. Due to the financial constraints that the Council continues to operate under, it is anticipated that the ability to finance capital expenditure from borrowing will remain incredibly restricted over the long-term. This means that the Council will face a significant challenge in being able to finance its medium to longer term capital aspirations in terms of maintenance backlogs, as well as the need to invest in new and existing assets.

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

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



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

Ongoing Capital Programme Development

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

6.6. Alongside this, it is important to consider the requirement to maintain the Councils current asset base. As noted previously, this is something that has been severely impacted by constrained funding levels in previous years and has resulted in a maintenance backlog developing, which gives rise to the potential for major asset failures to occur where issues have developed over time. Although the risks associated are captured through ongoing condition surveys and monitoring, it is inevitable that as time progresses that more significant sums of investment will be required to maintain or substantially refurbish ageing assets.

6.7. The level of annual investment included in the capital programme for maintenance and refurbishment of assets assists in addressing the highest priority backlog issues, focussing on worst condition first and associated risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be utilised to offset the backlog funding required. This will not address the specific total backlog but is a way of targeting the main issues in an affordable manner.

6.8. There will inevitably be other priorities to be considered for inclusion within the capital programme over the medium to longer term, with the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes that will require substantial match funding commitments. The consideration to support such priorities will need to be carefully balanced against other competing demands.

7. Capital disposals & receipts

7.1. The Council's Asset Management strategy (link) sets out the Council's vision, priorities and key actions associated with managing our assets. The aim is to ensure sustainability and maximise the financial and social value of our assets for our communities. The ongoing challenging economic conditions mean we must have robust policies and programmes in place to ensure our estate is lean, efficient, meets the needs of service users and is fit for purpose. The strategy also recognises the importance of maximising the income we can generate from our property assets to help support wider service delivery.

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

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

Table 5: Forecast Capital receipts

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

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

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

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

8. Treasury management

8.1. The Treasury management strategy (TMS) is considered alongside the Capital strategy at Council and the figures within it the link directly to the impact of the debt resulting from the Capital strategy and the subsequent capital investment.

8.2. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

8.3. Based on historic capital expenditure and due to decisions taken in the past, as at 31st December 2022, the Council has £188.1m borrowing at a weighted average interest rate of 2.87% and £38.3m treasury investments at a weighted average rate of 2.96%.

9. Borrowing strategy

9.1. Whilst the Council has significant long term borrowing requirements, the Council's current strategy of funding capital expenditure is through utilising internal resources such as reserves (called 'internal borrowing') rather than undertaking new borrowing i.e. we defer taking out new long term borrowing and fund capital expenditure from day to day positive cash-flows for as long as we can.

9.2. By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long term borrowing and this remains a primary driver for our current 'internally borrowed' strategy.

9.3. Whilst this strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.

9.4. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

9.5. Projected levels of the Council's total debt (which comprises borrowing, PFI liabilities and finance leases) are shown below, compared with the capital financing requirement.

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

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

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

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

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

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

10. Investment strategy

10.1. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

10.2. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local Councils or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £m

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

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

11. Investments for Service Purposes

11.1. The Council has historically incurred the majority of its capital expenditure on the assets required to provide its services such as schools, highways and corporate facilities.

11.2. However it may also invest in other entities for the wider economic and societal benefits of its communities or businesses. This may include making loans or taking an equity interest in local bodies or the Council's subsidiaries and joint ventures which in turn contribute to services to Monmouthshire residents. It may also include providing guarantees to other bodies.

11.3. In light of the public service objective, the Council traditionally is willing to take more risk on these investments than it would with more traditional treasury investments, which are more highly regulated, however any such arrangement should only be entered into if such investments are assessed to break even after all costs are taken into account or if the benefits of the scheme are considered to be worth the net cost.

11.4. Decisions on service related investments (e.g. vibrant homes loans afforded through WG repayable grant or economic development loans) can be made by the relevant service manager provided a 100% loss can be covered by the managers existing budgets. Should additional budget/funding be required in the event of a default, then before making the service expense/investment, the Section 151 officer is required to be consulted and where member approval is felt necessary that the details and risks involved presented to Cabinet for approval.

11.5. The criteria and limits laid down in the strategy for treasury Investments can be used as a comparator to measure risks against. Most loans and shares are capital expenditure and such decision requires approval of full Council to be added to the capital programme.

11.6. A list of investments for service purposes including loans and guarantees will be maintained by the Treasury team and they will be assessed at least annually and reported as part of the annual accounts and include Foster carer loans and Low cost home ownership equity interest.

12. Commercial Activities

12.1. Following a sustained period of financial austerity and with financial support for local public services declining, the Council invested in commercial property and other commercial investments to support ongoing revenue budgets and promote wider economic regeneration and strategic policy aims within the County and its borders.

12.2. Total commercial investments are currently valued at £30.4m:

Table 9: Value of Commercial investments

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

12.3. Given the current economic environment, and the risks and challenges presenting following the Covid-19 pandemic, further investment into new commercial investment opportunities has been paused.

12.4. Under changes to the Public Works Loan Board (PWLB) lending arrangements in March 2020 the government ended access to the PWLB for Councils that wished to buy commercial assets primarily for yield, as assessed by the statutory section 151 officer of the Council. Councils that wish to buy commercial assets primarily for yield would remain free to do so but would not be able to take out new loans from the PWLB in that financial year.

12.5. Commercial investments will be revalued at least annually as part of the ongoing review of the Commercial investment portfolio, and the performance of these assets assessed regularly through the service budget monitoring of the Corporate Landlord service, via reporting to the Investment Committee and annually to Governance & Audit Committee.

12.6. With the increased financial returns expected on investment available from commercial investment, the Council naturally accepts higher risk compared with traditional treasury investments. Risk exposures for property investments include a fall in capital value, vacancies, poor tenant performance, rent increases below inflation, lack of market appeal/obsolescence/cost to rectify, and changes in legislation. For other investments such as loans and equity, risks also include – fall in market value, poor repayment performance and insolvency/costs of debt recovery.

12.7. The Council has adopted a very prudent approach to the financial management of its commercial assets, in ensuring that business cases are predicated on affording the related borrowing before providing a net return to assist with revenue budget setting. It has also elected to treat such investments as capital expenditure and incur an explicit annual minimum revenue provision in affording the related borrowing, whereas Welsh Government guidance would have permitted deferment of these financing considerations to when property is sold, providing that the selling price can reasonably be anticipated to be greater than purchase price.

12.8. To date, commercial investments have focused primarily on property acquisition so the risks are managed by the corporate landlord service assisted by external professionals where necessary. They will manage asset maintenance and the tenant/landlord interface including collecting income. They will review cashflows and assess/forecast the value, quality and diversity of the investments in order to propose any modifications required to the portfolio to increase return and/or reduce risk.

12.9. Legislation in place requires the Council to regularly review performance of its Commercial investments and make consideration of:

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

12.10. Decisions on commercial investments are made by the Investment Committee in line with the criteria and limits as set out in the Asset Investment Policy appended to the Asset Management Strategy.

12.11. Further details of the selection process for commercial investments, the limits agreed with Council and details of the identification and management of the risks associated with commercial investments are in the Asset Management Strategy, Asset Investment Policy and other supporting documents.

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

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

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

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

13. Knowledge & skills

Internal expertise

13.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Section 151 officer, deputy Section 151 officer, and Head of Commercial and Integrated Landlord Services are professionally qualified with extensive Local Government experience between them.

13.2. The central accountancy team who manage day-to-day cashflow activities and monitor capital investment activity consists of experienced qualified and part-qualified accountants who maintain Continuous Professional Development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and obtain relevant skills.

External expertise

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

Members

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

2023/24 Treasury Management Strategy

1. Economic background and forecasts for interest rates

1.1. **Economic background:** The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.

1.2. The Bank of England (BoE) increased Bank Rate by 0.5% to 4.0% in February 2023. This followed a 0.50% rise in December and a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The February decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3.5%.

1.3. Although the MPC remains concerned that domestic inflationary pressure will remain elevated, the CPI rate is projected to fall below target in the medium term as monetary tightening takes its toll on economic activity.

1.4. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

1.5. The UK economy has perhaps proved more resilient than expected, but a recession and/or stagnant growth is likely in 2023 and subsequent years, as higher interest rates, low investment and rising unemployment depress overall activity. The lagged effect of the sharp tightening of monetary policy, higher mortgage rates, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. It is difficult to see households providing any support to GDP growth in 2023.

1.6. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

1.7. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

1.8. Workforce shortage in the labour market is contributing to low unemployment (albeit with higher inactivity) and higher wages. While real wage growth is negative, high nominal wage growth has increased company costs and allowed them to pass these through to consumers, particularly in the services sector. We expect to see a weaker labour market as demand for labour ebbs, but Bank Rate will remain high until both services inflation and nominal wage growth declines.

1.9. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

1.10. The Federal Reserve signalled a shift away from frontloading monetary policy tightening, suggesting future decisions will be more data dependent. This supported market expectations that global central banks are at or nearing peak interest rates.

1.11. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

1.12. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

1.13. **Credit outlook:** Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

1.14. Global bond yields remain volatile as investors price in slower growth and easier monetary policy, amid continuing resilience in headline economic data (particularly US labour market) and central bank push back on expectations for rate cuts in 2023. The Fed wants to see persistently higher policy rates and the ECB remains in forceful tightening mode. Gilt yields will be supported by both significant new bond supply, quantitative tightening and hawkish central banks, offsetting the downward effects of declining inflation and growth.

1.15. CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.

1.16. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local Councils and financial institutions, revising them from to negative from stable.

1.17. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

1.18. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

1.19. **Interest rate forecast:** The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

1.20. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

1.21. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

1.22. A more detailed economic and interest rate forecast provided by Arlingclose is attached at section 8.

2. Local Context

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

Table 11: Current debt and investment levels

	31st Dec 2021 Actual Portfolio £m's	Average Rate %	31st Dec 2022 Actual Portfolio £m's	Average Rate %
External borrowing:				

Public Works Loan Board	89.4	3.0%	116.7	3.2%
LOBO loans from banks	13.6	4.8%	13.6	4.8%
Welsh Government Loans	4.8	0.0%	5.7	0.0%
Council to Council & other ST loans	61.9	0.1%	52.0	1.8%
Total external borrowing	**169.7**	**2.3%**	**188.1**	**2.9%**
Treasury investments:				
Banks & building societies (unsecured)	2.0	0.0%	2.0	0.0%
Government (incl. local Councils)	6.5	0.0%	18.0	3.0%
Money Market Funds	28.0	0.0%	14.3	3.3%
Strategic pooled funds	3.5	4.3%	4.0	4.2%
Total treasury investments	**40.0**	**0.4%**	**38.3**	**3.0%**
Net debt	**129.7**		**149.8**	

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

Table 12: Balance sheet summary and forecast

	31.3.22 Actual £m's	**31.3.23 Estimate £m's**	**31.3.24 Estimate £m's**	**31.3.25 Estimate £m's**	**31.3.26 Estimate £m's**
Loans CFR	185.2	205.6	216.9	220.9	219.6
Less: External borrowing **	-176.2	-195.5	-133.2	-122.5	-120.3
Internal borrowing	9.0	10.1	83.7	98.4	99.3
Less: Usable reserves	-62.3	-65.3	-58.1	-57.9	-56.8
[Less/Plus]: Working capital	10.0	10.0	10.0	10.0	10.0
New External borrowing requirement	-43.3	-45.2	35.6	50.5	52.5

* leases and PFI liabilities that form part of the Council's total debt
** shows only loans to which the Council is committed and excludes optional refinancing

2.3. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

2.4. The Council has an increasing CFR due to the indicative capital programme, but minimal investments and will therefore be required to borrow up to an additional £52.5m over the forecast period, as noted in table 12 above.

2.5. CIPFA’s Prudential Code for Capital Finance in Local Councils recommends that the Council’s total debt should be lower than its highest forecast CFR over the next three years. Table 12 shows that the Council expects to comply with this recommendation during 2023/24.

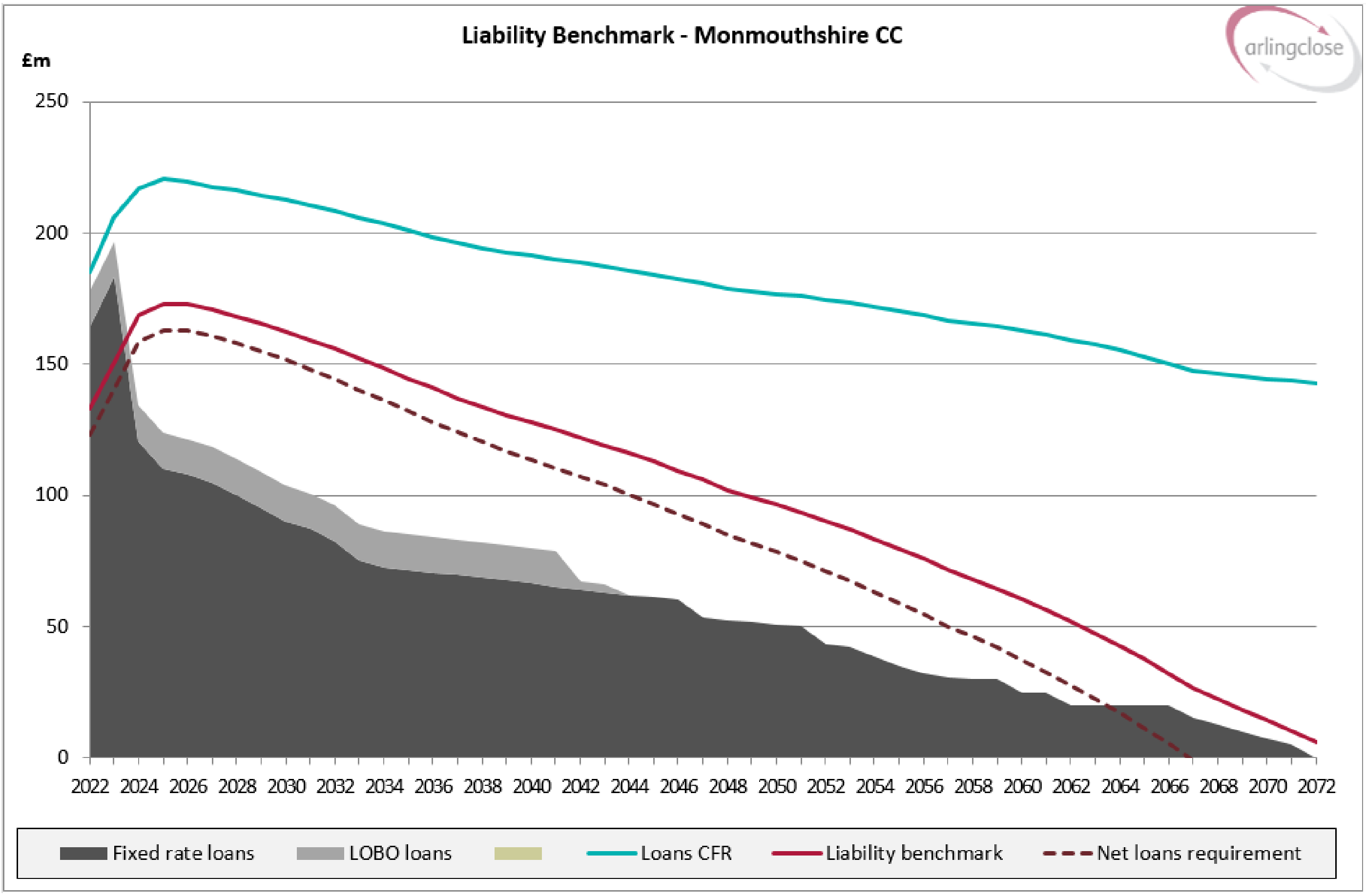
2.6. **Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 12 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

2.7. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 13: (Prudential indicator) - Liability benchmark

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

2.8. The long-term liability benchmark below assumes capital expenditure funded by borrowing is maintained as per the capital MTFP and thereafter £5.5m per year; that minimum revenue provision on new capital expenditure is based on the current policy, and; income, expenditure and reserves held are not increasing or decreasing beyond the MTFP window. This is shown in the chart below:



2.9. Our underlying need to borrow is shown by the top blue line and increases sharply over the short term due to the current approved capital programme, and notably the new King Henry school which is part funded by borrowing. However, over time the requirement reduces gradually because the amount of borrowing modelled per annum (£5.5m) is less than the amount of funds being set aside within the revenue budget to meet future borrowing repayments (MRP).

2.10. The use of reserves and working capital in lieu of debt reduces the overall need to borrow and therefore the Council is expected to need total external borrowing between the full and dotted red lines. As our existing loans portfolio (shown in grey) reduce as loans mature, new loans will therefore be required to fill the gap between the total of the grey areas and the red lines over the longer term. The Council intends to maintain about a 50% level of short term loans which will partly fill this gap, but we will still need to take out longer term loans, mainly to replace existing borrowing that is maturing or if longer term interest rate projections are significantly higher.

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

3. Borrowing Strategy

3.1. The Council currently holds £188.1m of loans, an increase of £18.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 12 shows that the Council expects to borrow up to £35.6m in 2023/24. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £273.5m.

3.2. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

3.3. **Strategy:** Given the significant cuts to public expenditure over recent years and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

3.4. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

3.5. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local Councils, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local Councils planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

3.6. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

3.7. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

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

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

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

3.8. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local Councils. This is a more complicated source of finance than the PWLB for two reasons: borrowing Councils will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

3.9. **LOBOs:** The Council holds £13.6m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years. .

3.10. **Short-term and variable rate loans**: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

3.11. **Debt rescheduling:** The PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

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

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

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

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

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

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

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

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

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

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

4. Treasury investments

Treasury Investment strategy

4.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £10.5m and £53.2m million. It is anticipated that the level of investments held in 2023/24 will be lower, as cash balances are used in lieu of external borrowing, in line with the authority's internal borrowing strategy.

4.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

4.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however the Council will closely monitor the returns on these investments in light of a heightened interest rate environment.

4.4. The CIPFA Code does not permit local Councils to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

4.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

4.6. A commitment was made by full Council in September 2022 to investigate how responsibly the Council invests it cash balances, and to develop a sustainable investment policy that is compatible with the Council's Declaration of a Climate Emergency and the Well Being of Future Generations Act. As noted above, the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investments funds or bodies are multifaceted which makes current evaluation increasingly difficult. The Council will continue through 2023/24 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.

4.7. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

4.8. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

Table 17: Treasury investment counterparties and limits

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

Sector	Time limit	Counterparty limit	Sector limit
Secured investments *	5 years	£4m	75%
Banks (unsecured) *	13 months	£2m (£3m total for the Councils operational bank)	50%
Building societies (unsecured) *	13 months	£2m	50%
Registered providers (e.g. Housing Associations (unsecured) *	5 years	£2m	50%
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£5m	£10m
Real estate investment trusts	n/a	£5m	£10m
Other Investments	13 months	£2m	£5m

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

This table must be read in conjunction with the notes below

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

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

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local Councils and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

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

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

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

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

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

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

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

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

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

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

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

4.10. **Other information on the security of investments**: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

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

4.12. **Investment limits**: The Council's revenue reserves available to cover investment losses are forecast to be £27.1m on 31st March 2023 and £26.6 m on 31st March 2024. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

4.13. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 18: Additional investment limits

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

4.14. **Liquidity management**: The Council uses its own cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

4.15. The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

4.16. The Council measures and manages its exposures to treasury management risks using the following indicators.

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

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

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

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

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

5. Related matters

5.1. The CIPFA Code requires the Council to include the following in its treasury management strategy:

5.2. **Financial derivatives:**) Local Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local Councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

5.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

5.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

5.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

5.6. **External Funds**: The Council will from time to time hold fund on behalf of external organisations, companies or individuals. Unless a specific agreement is in place for the investment of the funds held, the Council will normally allocate interest returns based on a calculation of the average returns achieved from an overnight deposit rate with the Debt Management Office over the period held.

5.7. **Markets in Financial Instruments Directive**: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the

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

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

Financial Implications

5.9. The budget for investment income in 2023/24 is £635k, based on an average investment portfolio of £10m and existing pooled fund investments. Returns are expected to come from pooled fund investments, from shorter term investments with the Government, from secured/unsecured investments, or from Money Market Funds.

5.10. The budget for debt interest paid in 2023/24 is £6.7m, based on existing loans and assumed new borrowing at an average rate of 4%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Other Options Considered

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

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

6. Additional requirements of Welsh Government Investment Guidance

6.1. The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local Councils that are not integral to this Council's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

6.2. **Contribution:** The Council's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Council, and
- investment property provides a net financial surplus that is reinvested into local public services and supports economic regeneration.

6.3. **Climate change:** The Authority's investment decisions consider long term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED lighting and Solar PV, as well as ultra-low emission vehicles. In addition, the new Abergavenny 3-19 school is being constructed on a net carbon zero basis.

6.4. **Specified investments**: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local Council,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local Council, parish council or community council, or
  - a body or investment scheme of "high credit quality".

6.5. The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.

6.6. **Loans:** The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local Council.

6.7. The Council uses an allowed ‘expected credit loss’ model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Council has appropriate credit control arrangements to recover overdue repayments in place.

6.8. **Non-specified investments**: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table 19; the Council confirms that its current non-specified investments remain within these limits.

Table 19: Non-specified investment limits

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

6.9. **Non-financial investments:** This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2022, the Council’s investment property portfolio does not currently provide sufficient security for capital investment since its fair value is below its purchase price. The Council is therefore continue to closely review options to secure the capital invested, including:

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

6.10. The Council consider that the scale of its commercial investments including property are proportionate to the resources of the Council since gross income from such investments represent around 1.5% of the overall net revenue budget stream.

6.11. **Liquidity:** The Council’s liquidity management has been detailed in the main Treasury report with regard to treasury activities. Before supporting local entities or placing a commercial investment the impact on liquidity is fully addressed, most commonly by taking out loans of an appropriate maturity to ensure funds are available for the life of the activity. £40,000 of seed funding was placed with SRS Ltd in 2011/12 with the intention of it remaining there for the long term to support that entity.

6.12. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will follow its Investment strategy for Commercial assets which ensures that any borrowed capital will be repaid with annual income earned from the investment or that an exit strategy identified during the due diligence will be followed.

6.13. **Investment advisers:** The Council has appointed Arlingclose Limited as treasury management advisers with the current contract running until 31st March 2025, and has used Alder King as advisers for the last two Commercial investment Property Acquisitions. The quality of these services is controlled by the Finance and Estates teams and also the Investment Committee appointed to oversee the Commercial Investments.

6.14. **Borrowing in advance of need:** Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.

6.15. **Capacity and skills:** The Section 151 officer is responsible for ensuring that those elected members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to:

- take informed decisions as to whether to enter into a specific investment;
- assess individual investments in the context of the strategic objectives and risk profile of the local Council; and
- understand how the quantum of these decisions have changed the overall risk exposure of the local Council.

6.16. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advice from its independent advisers regarding investment and borrowing activity.

6.17. **Commercial deals:** The investment committee is responsible for ensuring that those tasked with negotiating commercial deals have the appropriate skills and access to information to allow them to operate with regard to the principles of the prudential framework and regulatory regime within which the Council operates.

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

7. Advisors Economic & Interest Rate Forecast – December 2021

Underlying assumptions:

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

Forecast:

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

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

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

8. MRP Policy Statement 2023/24

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

8.2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

8.3. The WG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

8.4. MRP options recommended in the Guidance include:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method – based on equal instalments or using an annuity method
- Option 4: Depreciation Method

Note: This does not preclude other prudent methods.

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

MRP in 2023/24:

8.6. ***MRP on Supported Borrowing funded Expenditure:*** The Council's policy is to apply Option 3, the Asset life method in respect of supported capital expenditure funded from borrowing. The charge will be based on 2% per annum, equivalent to equal instalments over a 50 year life.

8.7. ***MRP on Unsupported Borrowing funded Expenditure:*** The Council's policy is to apply Option 3, the Asset life method in respect of unsupported capital expenditure funded from borrowing. The MRP is calculated on an annuity basis within the asset life method, whereby the MRP element increases over time to reflect a consistent charge over life of the assets taking into account the real value of money. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. These lives may be reduced if it is prudent to do so because the resultant income stream or useful life to the Council is shorter.

8.8. ***MRP in respect of leases and PFI:*** For assets acquired by leases or Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

8.9. For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council may make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying

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

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

9. Glossary of treasury terms

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

Capital receipts	Money obtained on the sale of a capital asset.
CIPFA	Chartered Institute of Public Finance and Accountancy
Constant Net Asset Value (CNAV)	Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI ***Also see RPI***	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	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. 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. *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.
Private Finance Initiative (PFI)	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public Council.
Prudential Code	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local Council capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local Council to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between Councils.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local Councils and other prescribed bodies, and to collect the repayments.
Quantitative Easing	In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It "does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy". Source: Bank of England
Registered Provider of Social Housing	Formerly known as Housing Association
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges

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

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2023/24 Prudential indicators

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

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

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

4) Liability Benchmark	31.3.23 Estimate £m's	31.3.24 Estimate £m's	31.3.25 Estimate £m's	31.3.26 Estimate £m's
Loans CFR	205.6	216.9	220.9	219.6
Less: Usable reserves	-65.3	-58.1	-57.9	-56.8
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	**150.3**	**168.8**	**173**	**172.8**

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

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

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monmouthshire
sir fynwy

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

MEETING: Council

DATE: 9 March 2023

1. PURPOSE

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

2. RECOMMENDATION

2.1 That Council approves the Pay Policy for the year 1st April 2023 to 31st March 2024.

3. KEY ISSUES

3.1 Monmouthshire County Council is part of the nationally negotiated and agreed pay award involving the Joint National Councils (JNC) for Chief Executives and Chief Officers. It also applies the JNCs' terms and conditions.

3.2 As a result of the 22/23 pay negotiations between JNC and Trades Unions:

a. the individual basic salaries of all officers within the scope of the JNC for Chief Executives of Local Authorities increased by £1925 with effect from 1 April 2022;

b. the individual basic salaries of all officers within the scope of JNC for Chief Officers of Local Authorities increased by £1925 with effect from 1 April 2022.

3.3 The legal duty to publish a pay policy is set out in s38 of the Localism Act 2011. In providing this report to Council to note and making the report available MCC is satisfying that legal requirement. The policy covers the requirements of the legislation including:

a. information in relation to pay bands (and salary information) which apply as at 1 April 2023 for the Chief Executive Officer, Chief Officers and Local Government Employees (LGE);

b. MCC's pay spine and grading structure;

c. updated information in relation to the pension contributions.

3.4 The policy is underpinned by the Single Status Agreement signed as a collective agreement with the Trades Unions on 2nd December 2010 and other nationally agreed terms and conditions for employees of the Council.

3.5 This is the twelfth publication of the policy.

4. OPTIONS APPRAISAL

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

5. EVALUATION CRITERIA

5.1 This report is a statutory requirement.

6. REASONS

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

7. RESOURCE IMPLICATIONS

7.1 Pay costs are incorporated into the 22/23 budget.

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

8.1 This report is a statutory requirement.

9. CONSULTEES

Chief Executive
Deputy Chief Executive and Chief Officer, Resources
UNISON
GMB

10. BACKGROUND PAPERS

None

11. AUTHOR

Matt Phillips, Chief Officer, People & Governance
Matthewphillips@monmouthshire.gov.uk

MONMOUTHSHIRE COUNTY COUNCIL
PAY POLICY 2023/24

1. INTRODUCTION

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

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

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

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

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

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

2. LEGISLATION

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

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

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

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

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

3. SCOPE AND DEFINITIONS

This Pay Policy includes:

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

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

a. The Chief Executive Officer.

b. Statutory Chief Officers. In Monmouthshire County Council these are the:

  - Chief Officer, Children and Young People
  - Chief Officer, Social Care and Health
  - Deputy Chief Executive and Chief Officer, Resources (incorporating statutory Section 151 Officer role)
  - Chief Officer, People & Governance & Monitoring Officer

c. Non-statutory Chief Officers. These are non-statutory leadership posts that report directly to the Chief Executive. In Monmouthshire County Council these are the:

- Chief Officer, Community & Place
- Head of Policy, Performance and Scrutiny
- Chief Operating Officer, MONLIFE

d. Deputy Chief Officers. These are officers that are on Chief Officers' terms and conditions in Monmouthshire County Council are:

- Head of Achievement & Attainment
- Head of Inclusion
- Head of Place-making, Regeneration, Highways & Flooding
- Head of Enterprise & Community Animation
- Head of Economy, Employment & Skills
- Head of Commercial, Property, Fleet & Facilities
- Head of Finance
- Head of Information, Security & Technology
- Chief Information Security Officer
- Head of Public Protection
- Head of Planning
- Head of Adult Services
- Head of Children's Services
- Head of Neighbourhood Services
- Head of Business Transformation (post-holder currently seconded to CCR)

Strategic Leadership Team

In Monmouthshire County Council the Strategic Leadership Team consists of:

Chief Executive
Deputy Chief Executive and Chief Officer, Resources (& Section 151 Officer)
Chief Officer, Children & Young People
Chief Officer, Communities and Place
Chief Officer, Social Care & Health
Chief Officer, People & Governance & Monitoring Officer
Head of Policy, Performance and Scrutiny
Chief Operating Officer MonLife

Gender make-up: 6 male; 2 female

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

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

4. PAY INFORMATION – PAY RANGES FOR NJC (NATIONAL JOINT COUNCIL) ‘GREEN BOOK’ EMPLOYEES

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

Monmouthshire County Council’s grading structure has 13 grades with 5 increments in ten of the grades, 3 increments in two of the grades and 4 increments in one of the grades. Grades span across SCP 1- 51 with associated salaries from £20,258 (SCP 1) to £58,086 (SCP 51). More information about the GLPC and the grades can be found in the Council’s SINGLE STATUS Collective Agreement.

Apprentices

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

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

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

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

The remuneration for the Chief Executive Officer is a local grade established following an analysis of the degree of responsibility in the role and market rates at the time the post was last advertised (2009) and approved by Council. The salary for the Chief Executive is £123,679 (effective 1 April 2022). The individual basic salaries of all officers within the scope of the JNC for Chief Executives of Local Authorities increased by £1925 with effect from 1 April 2022 – approx. 1.6% increase. This pay agreement covers the period 1 April 2022 to 31 March 2023.

There are no additional bonus, performance, honoraria or ex gratia payments. The salary is subject to nationally agreed pay rises for JNC for local authority Chief Executive

Officers. In Monmouthshire County Council, the role of the Electoral Registration Officer and Returning Officer is held by the Chief Executive. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. Local Authorities have the discretion to set the fee for local elections. In the Council, the fee for local elections is set in line with the fee agreed for the Welsh Government elections.

The Independent Remuneration Panel for Wales (IRPW)

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

6. PAY INFORMATION – CHIEF OFFICERS & HEADS OF SERVICE ON CHIEF OFFICER TERMS AND CONDITIONS

Monmouthshire County Council employs Chief Officers under Joint National Council (JNC) for chief officers' terms and conditions, which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises, and this Council will therefore pay these as and when determined in accordance with contractual requirements. The individual basic salaries of all officers within the scope of JNC for Chief Officers of Local Authorities increased by £1925 on each pay point with effect from 1 April 2022. The pay agreement covers the period 1 April 2022 to 31 March 2023. All current salaries within this range are as follows (effective 1 April 2022):

POST	RANGE	SALARY
Chief Executive	N/A	£123,679
Deputy Chief Executive & Chief Officer, Resources (& Section 151 Officer)	Band A+ Points 1-3	£95,067 £96,309 £97,551
Chief Officer, Children & Young People (CYP) Chief Officer, Community & Place Chief Officer, Social Care & Health (SCH)	Band A: Points 1 – 4	£87,616 £88,857 £90,099 £91,341

Chief Officer, People & Governance (& Monitoring Officer)		
Head of Finance Head of Adult Services Head of Children's Services Head of Achievement & Attainment Head of Service, Inclusion (temporary post) Chief Operating Officer, MONLIFE Head of Enterprise & Community Animation Head of Place-making, Regeneration, Highways & Flooding Head of Commercial, Property, Fleet & Facilities Head of Neighbourhood Services	Band B: Points 1 – 4	£76,439 £77,680 £78,922 £80,164
Head of Public Protection Head of Policy, Performance and Scrutiny Head of Information, Security & Technology	Band C: Points 1 – 4	£65,882 £68,366 £70,850 £73,334
Head of Planning Chief Information Security Officer Head of Economy, Employment & Skills	Band D: Points 1-3	£59,052 £61,536 £64,020

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

Posts at Chief Officer and Heads of Service level are employed on JNC Chief Officer terms and conditions. Chief Officers and Heads of Service whose grades offer incremental progression must achieve at least a 'satisfactory' judgement in their annual appraisal process to advance to the next incremental point within grade.

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

Monmouthshire County Council is the 'host' local authority for the employment of the Cardiff Capital Region City Deal – Programme Director**.** This appointment is on a permanent basis on a salary of £120,479 per annum (effective 1 April 2022), on JNC chief officer terms and conditions of employment. This post is being hosted by Monmouthshire County Council on behalf of the City Deal Partnership and is wholly funded by the City Deal Partnership. Under the Local Authorities (Standing Orders) (Wales) Regulations 2006, as amended in 2014, this post has been reported and approved by Council and has been the subject of a referral to the Independent Remuneration Panel.

7. PAY INFORMATION – EMPLOYEES ON 'GREEN BOOK' TERMS AND CONDITIONS REFERRED TO AS "OPERATIONAL MANAGERS"

Operational Managers are those who fall within the definition of Deputy Chief Officer but who are paid on JNC terms and conditions rather than Chief Officers' terms and conditions. Their salaries span from Grades I – M, with the lowest being SCP 31 (£37,261) and the highest being SCP 51 (£58,086). The individual basic salaries of all officers within the scope of JNC 'Green Book' terms and conditions increased by £1925 with effect from 1 April 2022. The pay agreement covers the period 1 April 2022 to 31 March 2023. We await confirmation of the pay award covering the period 1 April 2023 to 31 March 2024.

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

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

National Pay Grades – Soulbury Committee. The Soulbury Committee has its own pay scales and includes the following groups of employees:

- Educational Inspectors and Advisers
- Educational Psychologists

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

Teachers' Pay Policy – the Teachers pay Policy provides a framework for making decisions on Teachers' pay. It has been developed to comply with the requirements of the School Teachers' Pay and Conditions Document (STPCD) and has been the subject of consultation with teaching trade unions. A model Policy is provided to all schools each year with a recommendation from the Council that the Governing Body adopt it and publishes it on the school's website.

9. INCREMENTAL PROGRESSION

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

10. RECRUITMENT - SALARY ON APPOINTMENT

Recruiting and retaining our most talented colleagues is important to us.

The Council achieves fair selection through transparent, equitable and non-discriminatory policies and practices that enable the fair treatment of applicants as well as demonstrating a broader commitment to the principles of safeguarding and equality and diversity.

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

11. PAY REVIEW – ALL EMPLOYEES

All pay is reviewed in line with the national pay awards that are collectively negotiated.

12. MARKET SUPPLEMENTS

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

13. ADDITIONAL PAYMENTS – JNC 'GREEN BOOK' EMPLOYEES

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

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

Examples of other payments that could be made are first aid allowance, and relocation payments.

14. ADDITIONAL PAYMENTS

- Travel - business mileage incurred by an employee is refunded at the HMRC rate, in line with our Travel & Reimbursement Policy.
- Relocation – Monmouthshire County Council may provide financial assistance to new recruits as part of the employment package under the terms of our Relocation Policy.
- Returning Officer Fees – the appointment of Electoral Registration Officer is required by s8 Representation of the People Act 1983 and the appointment of Returning officer by s35 of the Representation of the People Act 1983.
- In Monmouthshire County Council, the role of the Electoral Registration Officer and Returning Officer is held by the Chief Executive Officer. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. Local Authorities have the discretion to set the fee for local elections. In the Council the fee for local elections is set in line with the fee agreed for the Welsh Government elections.

15. HONORARIA AND ACTING UP PAYMENTS

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

16. MULTIPLIERS

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

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

- Multiple between lowest paid FTE employee and CEO is 6:1 (7:1 last year)
- Multiple between lowest paid FTE employee and average chief officer is 4:1 (same as previous year)
- Multiple between the median FTE employee and CEO is 5:1 (same as previous year)

- Multiple between the median FTE employee and the average chief officer is 3:1 (same as previous year)

17. PAYMENTS/CHARGES AND CONTRIBUTIONS

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

Employees can decide to opt out of the scheme within one month of auto enrolment. The benefits and contributions payable under the pension fund are set out in the LGPS regulations. All employees who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table:
Local Government Pension Scheme deduction percentages (01/04/2022)

Contribution table 2022/23			
Band	**Actual pensionable pay for an employment**	**Contribution rate for that employment**	
		Main section	50/50 section
1	Up to £15,000	5.5%	2.75%
2	£15,001 to £23,600	5.8%	2.9%
3	£23,601 to £38,300	6.5%	3.25%
4	£38,301 to £48,500	6.8%	3.4%
5	£48,501 to £67,900	8.5%	4.25%
6	£67,901 to £96,200	9.9%	4.95%
7	£96,201 to £113,400	10.5%	5.25%
8	£113,401 to £170,100	11.4%	5.7%
9	£170,101 or more	12.5%	6.25%

18. DISCRETIONARY PAYMENTS

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

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

19. DECISION MAKING

Making or confirming the appointment of the Chief Executive and other Chief Officers is a function of Council.

Details of exit payments will be approved by the relevant Chief Officer (and Chief Executive for settlement agreements) in consultation with the Cabinet Member and must have robust business cases justifying departure & representing value for money.

Any exit payment in excess of £95,000 will be reported to Full Council.

20. REVIEW OF THE POLICY

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

The Policy will be reviewed annually and reported to Council in line with the requirement of the Localism Act 2011. In November 2021, Welsh Government published guidance 'Pay Accountability within Local Government'. When reviewing the Pay Policy for 2023/24, this guidance has been taken into consideration.

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

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