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Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

County Hall
Rhadyr
Usk
NP15 1GA

Tuesday, 25 February 2025

Dear Councillor

CABINET

You are requested to attend a **Cabinet** meeting to be held at **Steve Greenslade Room, County Hall, Usk** on **Wednesday, 5th March, 2025,** at **4.30 pm.**

AGENDA

1. Apologies for Absence

2. Declarations of Interest

3. Consideration of reports from Select Committees (none)

i.	**Feedback from Place Scrutiny Committee - 6th February 2025**	1 - 8
ii.	**Minutes of Place Scrutiny Committee - 6th February 2025**	9 - 18
iii.	**Feedback from Performance & Overview Scrutiny Committee - 11 February 2025**	19 - 24
iv.	**Minutes of Performance and Overview Scrutiny Committee - 11th February 2025**	25 - 34
v.	**Feedback from People Scrutiny Committee - 18th February 2025**	35 - 38
vi.	**Minutes of People Scrutiny Committee ~ 18th Feb 2025**	39 - 50

4. To consider the following reports (Copies attached):

vii. **APPROVAL OF A DISCRETIONARY POLICY FOR COUNCIL TAX PREMIUMS** 51 - 72
Wards Affected: All
Purpose: To consider the Discretionary Policy for Council Tax Premiums found in Appendix One
Author: Ruth Donovan, Assistant Head of Finance
Contact Details: ruthdonovan@monmouthshire.gov.uk

viii. **FINAL REVENUE AND CAPITAL BUDGET PROPOSALS 2025/26** 73 - 236
Division/Wards Affected: All
Purpose: To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 22nd of January in respect of

the Capital and Revenue budgets for 2025/26.
To make recommendations to Council on the Capital and Revenue budgets including the level of Council Tax for 2025/26.
To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.
To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.
Author: Jonathan Davies, Head of Finance
Contact Details: jonathandavies2@monmouthshire.gov.uk

ix. **LEADERSHIP FUNDING REVIEW** 237 - 262
Division/Wards Affected: n/a
Purpose: To seek cabinet approval to amend the funding formula for delegating funds to Monmouth Comprehensive, Caldicot School, Chepstow School and King Henry VIII 3 - 19 for leadership.
Author: Nikki Wellington, Finance and Support Services Manager
Contact Details: nikkiwellington@monmouthshire.gov.uk

x. **TRUST FUND INVESTMENT STRATEGIES** 263 - 306
Division/Wards Affected: All
Purpose: To present to Cabinet for approval the 2025/26 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee and to approve the 2025/26 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.
Author: Dave Jarrett, Finance Business Partner
Nicola Wellington, Children & Young People Finance Manager
Contact Details: davejarrett@monmouthshire.gov.uk
nicolawellington@monmouthshire.gov.uk

xi. **HOMELESS ACCOMMODATION** 307 - 330
Division/Wards Affected: All
Purpose: To approve the purchase of a property to alleviate the pressures with homelessness and seek approval for the Deputy Chief Executive to have future delegated authority in liaison with the relevant cabinet member to approve the property acquisition.
Author: Rachel Fry, Strategy and Policy Officer
Contact Details: rachelfry@monmouthshire.gov.uk

Yours sincerely,

Paul Matthews
Chief Executive

monmouthshire
sir fynwy

CABINET PORTFOLIOS

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

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

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

Aims and Values of Monmouthshire County Council

Our purpose

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

Objectives we are working towards

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

Our Values

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

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

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

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

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

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Monmouthshire Scrutiny

Place Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 6th February 2025

Report Item 5: Revenue and Capital Budget Proposals

The Committee undertook thorough scrutiny of the report, highlighting the following important issues for the Cabinet Member's consideration:

- Considering the council is implementing service savings, could some be put towards keeping Together Works in Caldicot open?

  The Cabinet Member acknowledged the value of Together Works and its funding through the Shared Prosperity Fund, which is outside the council's direct control. He explained that despite the service savings, the council still faces a budget gap of £3 million, making it difficult to allocate additional funds to Together Works. The council is, however, exploring grant funding options to support Together Works.

- The proposals regarding Old Tintern Station are very disappointing – many residents will be concerned about the prospect of it being sold.

  The Cabinet Member clarified that there is no current proposal to close Old Tintern Station. He emphasised the intention to explore different stewardship options, including the possibility of the site being more successful under private sector management. He stressed the importance of balancing the roles of the local authority and the private sector in operating tourist attractions in Monmouthshire.

- The Solar Farm's £50k losses are a concern. Can the grid outage be explained?

  The Cabinet Member explained that grid outages occur when the National Grid has a glut of energy and needs to balance inputs and outputs to maintain frequency. This can result in the solar farm being turned off, leading to losses.

- What is the proportion of roads categorised as black and red? How many are considered for maintenance? Is there the same category for pavements?

  Funding for the resurfacing of the Wye Bridge is allocated, and the date for the work will be confirmed soon. – <u>ACTION – to provide details of black and red roads</u>

- Are any funds allocated for the repair of the Wye Bridge and Staunton Road?

No funding is allocated for Staunton Road in this year's or next year's budget; it relies on a resilient roads bid to Welsh Government, with the outcome expected by the end of March.

- Is any of the public right of way investment allocated to the collapsed part of the Wye Valley Walk in Wyesham or the improvement of the section in Redbrook? If not, what areas are planned to be targeted with that funding?

  The situation regarding the public right of way is complex, involving land ownership and responsibility issues. A written response with more detailed information will be provided – ACTION

- What are the reasoning and timeline for the car parking review?

  The car parking review will take a broad look at car parking in the county, including payment systems. The money raised from car parking is ring-fenced for highways, but the income does not cover the total maintenance costs.

- Can you confirm that £110k savings will not necessitate closure or reduction of any libraries? Will we receive a review of any knock-on effects of reduced opening hours on other services?

  The Cabinet member clarified that there are no proposals to move or downsize any hubs. The adjustment of hours is to respond to demand and ensure equitable service.

- What are the current opening hours of community hubs and what is proposed to be the opening hours following this change? How can you ensure consistency and availability throughout the county?

  Current opening hours vary by hub, ranging from 35 hours in Abergavenny to 43 hours in Caldicot. Proposed changes include potentially having a day closed in each of the four main hubs, but not on the same day for all hubs.

- Community hubs act as information and advice places but also warm spaces.

  The aim is to ensure that a hub is open somewhere in the county at all times, providing staff on hand to answer phones and assist residents. Changes to hub hours do not necessarily affect library hours, as some hubs are linked to libraries and some are not. There are 24 warm hubs across the county, funded by Welsh Government, and the council will continue to provide these valuable services. Adjusting hub hours is a measure taken due to financial constraints, and if the financial situation allowed, this would be one of the proposals the Council would prefer not to implement.

- Can you explain what the interim position is regarding the removal of the post of Head of Public Protection, and what is the long-term forecast?

  Interim arrangements are currently in place, covering the responsibilities of the head of public protection through acting up arrangements. The council recognises the importance of the head of public protection role and is committed to conducting a thorough review over the coming months to determine the appropriate long-term arrangements. The interim arrangements are working well and sufficiently at the moment, but the council acknowledges the need to get the long-term solution right. – ACTION – to provide a written response

- The Welsh Government is not expected to fully cover the budget gap of £2.68m. How do you expect any shortfall to be covered?

  The Cabinet Member emphasised that the budget-setting process is fluid, with many moving parts between the draught proposals and the final budget, including changes to service demand and grant awards. It is hoped that the funding gap would be somewhat bridged by Welsh Government, but not entirely. The CM highlighted the importance of supporting the growth of Monmouthshire to increase income from Welsh Government, mentioning the Replacement Local Development Plan as a key factor. He acknowledged that there is still insufficient funding in public services and emphasised the ongoing advocacy for better financial support for Monmouthshire.

- How will the proposed savings relating to homelessness be achieved given the ongoing demand for accommodation?

  Councillor Burch explained that the Welsh Government's "everybody in" approach post-pandemic has led to high costs for bed and breakfast accommodations, including 24/7 security in some cases. The current number of people in bed and breakfast accommodations is around 34, with many others in temporary accommodation, which is generally cheaper and offers better living conditions. The refurbishment of Severn View will provide temporary accommodation with wrap-around support, including collaboration with local churches and the third sector, to help individuals to transition to permanent affordable housing. The preventative work by the housing options team and the increase in affordable housing are helping to reduce the number of people in bed and breakfast accommodations and the associated costs.

- Concerning the proposal to cut £40k regarding youth clubs services, what will a more sustainable operating model look like in practice to those who benefit from these services in our rural communities?

The current rural youth service operates in the south of Monmouthshire but not in the north. The proposal is to remove the rural provision and reinvest funds into youth services in the towns, aligning the provision with that in the north. This means youth service provision will be centred in Caldicot and Chepstow in the south, similar to the existing provision in Abergavenny and Monmouth in the north.

- Can it be confirmed that there will be no changes to the frequency of road sweeping operations?

  Yes, no changes are proposed as part of this budget.

- Will the aspiration to generate £150k of new income from leisure services translate into a spike in fees to access those services?

  The proposal to generate £150k in new income from leisure services does not involve increasing fees for accessing these services. Instead, it focuses on increasing the usage of leisure services to drive higher income. The recent investments in leisure services and the growing memberships at leisure centres underscore their value as community assets.

- What is the source of the £366k savings in the social care budget?

  These savings primarily come from increased non-residential fees, based on financial assessments in line with the Social Services and Well-being Act of 2014. The rates are being increased, but they are means-tested with a maximum weekly cap of £100. The service is facing pressures from rising National Insurance, real living wage, and inflation. Despite low headline inflation, certain areas are still experiencing significant cost increases. The fee increase reflects these anticipated cost pressures, but support is available for those who need it through means-tested financial assessments.

- If there's a cap of £100 per week what range of increases can actually be utilised?

  The hourly rate of care charge will go up from £20 to £24 for non-residential care.

- The 7.8% increase in council tax is a concern. Is it correct that it means a Band D property will pay a further £400 p/a?

  The proposed increase for a Band D property is £131.56 per year, not £400, and is necessary to sustain service delivery.

- What is the explanation for cutting cybersecurity insurance?

The decision to cut cybersecurity insurance is based on its poor value for money. The council's cybersecurity measures are robust and the insurance only covers the cost of cleaning up after a breach, not preventing it. The council's cybersecurity protocols are robust, and the risk of loss and damages was deemed manageable without the insurance. Furthermore, the market for cybersecurity insurance is immature, and the council's internal security measures have significantly improved. The council holds a budget for self-insurance and an insurance and risk management reserve to cover potential financial risks.

- Are we doing as much as we can with roads, or are we looking to do any more on Highways?

  There is a significant backlog in road and infrastructure maintenance, at around £80 million; the additional £2.3 million investment, therefore, while helpful, is insufficient to address the entire backlog. The council is aware of the poor state of the roads and is doing what it can within the financial constraints and has also received additional funding from Welsh Government to support borrowing for highway improvements. Specific roads and lanes will be considered based on their priority and risk assessment.

- Is it correct that leisure centre times are not changing*?*

  Yes, this is correct.

- Regarding Hubs, can we have a counter on both doors? Can you confirm that the library in the Hub in Monmouth is not being reduced, and how the potential move to Shire Hall would take place?

  The need for accurate data collection on hub usage is acknowledged and there is an ongoing piece of work to ensure consistent measurement across all hubs. He reiterated the importance of making evidence-based decisions regarding the opening hours of the hubs and ensuring that any changes do not create additional demand on other services. The idea about a counter will be passed on to Cabinet Member Sandles.

- Is it correct that the old library room, under the lottery bid, would be used to archive and display items from the museum, such as books, papers, and maps?

  The proposals for Shire Hall are quite exciting and have been developed in partnership with the people of Monmouth and the Heritage Lottery. The aim is to make Shire Hall a modern museum and a hub for heritage and culture, which could increase footfall. As part of this development, it was considered whether collocating the library service in the same building would provide a better experience for all users,

such as allowing visitors to access both the museum and library on a Sunday. Although there has been a strong response to this idea, there is no firm proposal yet. The current proposals for Shire Hall are still evolving, and the bid will further develop these ideas. The museum collections include many documents, a local history library, and the Nelson collection. The current proposals include a reading room, education spaces, and areas for research and educational groups.

- The lack of immediate parking for residents near Shire Hall is a concern. Additionally, the food bank and other hub services, such as support for women in crisis, benefit from the current location, and people can discreetly access various services under the guise of visiting the library, which provides them with privacy.

  It is important that we understand who uses the hubs and for what purposes. You stress the decisions regarding the opening hours of the hubs need to be evidence-based to ensure that any reduction does not place additional demand on other services, such as the homelessness service. There are pros and cons regarding the proposals around Shire Hall: some people believe that moving the library back to the centre of town would be beneficial, but this week, there has been strong feedback highlighting the cons of the proposal.

- Have you conducted a review to rationalise the wider groups that we support e.g. Cardiff Capital Region, to understand how contributions to such partnerships are made and how maximum value can be leveraged from this partnership work?

  The different partnerships, such as the Cardiff Capital Region, are funded centrally, and the local authorities, including MCC, take an active role in them. There is a larger piece of work happening in England that may affect the Western Gateway, particularly with the consolidation of some authorities. However, in Wales, the way of working with and funding the Cardiff Capital Region is not affected by the current budget, as it is funded centrally and does not come across the Cabinet Member's desk.

- Is there a risk of being in breach of Welsh Language standards in using AI for translation?

  The use of AI in Welsh language translation is intended to strengthen the council's capabilities. Quality verification will be in place to ensure accuracy, and if the Welsh Language Commissioner wishes to review the proposals, they would be welcome to do so. In fact, they should welcome this development, as the use of technology like this can be key to delivering good value for residents.

- Do we have particular grants for potholes?

The Welsh Government's draft settlement includes additional investment for highways and structures, allowing the council to allocate an additional £1.4 million for these works. He emphasized the importance of a structured approach to addressing potholes and related infrastructure issues.

- Will there be a review next year to assess the financial and social impacts of the potential changes in hub hours, particularly on other MCC departments such as homelessness and social care, and to ensure that vulnerable adults are not unduly affected by the closures?

  The intention is to design changes in the opening hours of the hubs to have minimal impact, especially in locations where services are most needed. The situation will be continuously monitored, and it is acknowledged that if more funds were available, these changes might not be necessary. The hubs are considered the 'front door' of the community, and there is a strong commitment to ensuring they provide good value and effective service for residents.

- Can you clarify the grassroots fee structure – is the annual payment £10 or £12.50?

  The mention of four instalments of £12.50 was an error in the document. The correct proposal is a £10 annual fee for grassroots membership.

Chair's Conclusion:

The Chair thanked the officers and Cabinet Member for the report and their responses to the committee's questions. Feedback would be provided to the Cabinet for their meeting on the 5th March 2025.

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Place Scrutiny 6th February 2025

1. Apologies for Absence.

None.

2. Declarations of Interest.

None.

3. Public Open Forum.

Two members of the public spoke on the matter of the petition. They suggested the implementation of a visible crossing, in black or white, to ensure it is noticeable from both the pavement and the road. They highlighted issues with the current crossing near the Caldicot building, including cars not stopping and the bus stop creating a blind spot, and mentioned that the grey zebra crossing is not well distinguished, especially for out-of-towners, and that the road appears to be at the same level as the pavement, leading to confusion. They suggested the need for a brighter zebra crossing and double yellow lines to improve safety.

4. Petition: 'Design over Health and Safety?' petition, relating to the safety of the zebra crossing on Sandy Lane adjacent to The Cross public house, Caldicot – To agree whether to refer to the Executive or full Council for action.

Councillor Jackie Strong introduced the petition, highlighting the safety concerns of the Zebra crossing on Sandy Lane, emphasising the poor visibility of the crossing and the disregard for the no-parking zone. She noted that the damaged beacon has been repaired and described the issues with vehicles parking in non-parking areas and the need for better enforcement. She suggested that the design of the crossing could potentially cause accidents and called for urgent action to address these issues. She proposed that the council should review and publish the results of any safety reviews and carry out an urgent review of the crossing, and report back to the scrutiny committee with more information.

Cabinet Member Sara Burch acknowledged the concerns raised and apologised for the delay in addressing them, noting that the issues have been raised over time. She mentioned that a review of the original road safety audits from 2020 and 2023 is underway, with a plan to update the audit and consider technical feasibility of suggested changes, and informed that a group of officers walked the route to

observe the issues firsthand. A task and finish group has been convened to address the suggestions made by residents and councillors. She is committed to bringing back a detailed action plan and implementing necessary safety measures as a matter of urgency, and emphasised the importance of involving residents in the design of future schemes to ensure their needs are met.

The committee's decision was to refer to the Cabinet Member to respond on progress **– ACTION**

5. Revenue and Capital Budget Proposals – To scrutinise the 2025/26 Draft Revenue and Capital Budget Proposals.

Cabinet Member Ben Callard introduced the report, delivered the presentation, and answered the members' questions with Deb Hill-Howells, Jonathan Davies and Cabinet Member Sara Burch.

- *Considering the council is implementing service savings, could some be put towards keeping Together Works in Caldicot open?* The Cabinet Member acknowledged the value of Together Works and its funding through the Shared Prosperity Fund, which is outside the council's direct control. He explained that despite the service savings, the council still faces a budget gap of £3 million, making it difficult to allocate additional funds to Together Works. The council is, however, exploring grant funding options to support Together Works.
- *The proposals regarding Old Tintern Station are very disappointing – many residents will be concerned about the prospect of it being sold.* The Cabinet Member clarified that there is no current proposal to close Old Tintern Station. He emphasised the intention to explore different stewardship options, including the possibility of the site being more successful under private sector management. He stressed the importance of balancing the roles of the local authority and the private sector in operating tourist attractions in Monmouthshire.
- *The Solar Farm's £50k losses are a concern. Can the grid outage be explained?* The Cabinet Member explained that grid outages occur when the National Grid has a glut of energy and needs to balance inputs and outputs to maintain frequency. This can result in the solar farm being turned off, leading to losses.
- *What is the proportion of roads categorised as black and red? How many are considered for maintenance? Is there the same category for pavements?* Funding for the resurfacing of the Wye Bridge is allocated, and the date for the work will be confirmed soon. **– ACTION – to provide details of black and red roads**

- *Are any funds allocated for the repair of the Wye Bridge and Staunton Road?* No funding is allocated for Staunton Road in this year's or next year's budget; it relies on a resilient roads bid to Welsh Government, with the outcome expected by the end of March.
- *Is any of the public right of way investment allocated to the collapsed part of the Wye Valley Walk in Wyesham or the improvement of the section in Redbrook? If not, what areas are planned to be targeted with that funding?* The situation regarding the public right of way is complex, involving land ownership and responsibility issues. A written response with more detailed information will be provided **– <u>ACTION</u>**
- *What are the reasoning and timeline for the car parking review?* The car parking review will take a broad look at car parking in the county, including payment systems. The money raised from car parking is ring-fenced for highways, but the income does not cover the total maintenance costs.
- *Can you confirm that £110k savings will not necessitate closure or reduction of any libraries? Will we receive a review of any knock-on effects of reduced opening hours on other services?* The Cabinet member clarified that there are no proposals to move or downsize any hubs. The adjustment of hours is to respond to demand and ensure equitable service.
- *What are the current opening hours of community hubs and what is proposed to be the opening hours following this change? How can you ensure consistency and availability throughout the county?* Current opening hours vary by hub, ranging from 35 hours in Abergavenny to 43 hours in Caldicot. Proposed changes include potentially having a day closed in each of the four main hubs, but not on the same day for all hubs.
- *Community hubs act as information and advice places but also warm spaces.* The aim is to ensure that a hub is open somewhere in the county at all times, providing staff on hand to answer phones and assist residents. Changes to hub hours do not necessarily affect library hours, as some hubs are linked to libraries and some are not. There are 24 warm hubs across the county, funded by Welsh Government, and the council will continue to provide these valuable services. Adjusting hub hours is a measure taken due to financial constraints, and if the financial situation allowed, this would be one of the proposals the Council would prefer not to implement.

- *Could you specifically provide the current opening hours and proposed changes to community hubs?* **– ACTION – to provide a written response**
- *Can you explain what the interim position is regarding the removal of the post of Head of Public Protection, and what is the long-term forecast?* Interim arrangements are currently in place, covering the responsibilities of the head of public protection through acting up arrangements. The council recognises the importance of the head of public protection role and is committed to conducting a thorough review over the coming months to determine the appropriate long-term arrangements. The interim arrangements are working well and sufficiently at the moment, but the council acknowledges the need to get the long-term solution right. **– ACTION – to provide a written response**
- *The Welsh Government is not expected to fully cover the budget gap of £2.68m. How do you expect any shortfall to be covered?* The Cabinet Member emphasised that the budget-setting process is fluid, with many moving parts between the draught proposals and the final budget, including changes to service demand and grant awards. It is hoped that the funding gap would be somewhat bridged by Welsh Government, but not entirely. The CM highlighted the importance of supporting the growth of Monmouthshire to increase income from Welsh Government, mentioning the Replacement Local Development Plan as a key factor. He acknowledged that there is still insufficient funding in public services and emphasised the ongoing advocacy for better financial support for Monmouthshire.
- *How will the proposed savings relating to homelessness be achieved given the ongoing demand for accommodation?* Councillor Burch explained that the Welsh Government's "everybody in" approach post-pandemic has led to high costs for bed and breakfast accommodations, including 24/7 security in some cases. The current number of people in bed and breakfast accommodations is around 34, with many others in temporary accommodation, which is generally cheaper and offers better living conditions. The refurbishment of Severn View will provide temporary accommodation with wrap-around support, including collaboration with local churches and the third sector, to help individuals to transition to permanent affordable housing. The preventative work by the housing options team and the increase in affordable housing are helping to reduce the number of people in bed and breakfast accommodations and the associated costs.

- *Concerning the proposal to cut £40k regarding youth clubs services, what will a more sustainable operating model look like in practice to those who benefit from these services in our rural communities?* The current rural youth service operates in the south of Monmouthshire but not in the north. The proposal is to remove the rural provision and reinvest funds into youth services in the towns, aligning the provision with that in the north. This means youth service provision will be centred in Caldicot and Chepstow in the south, similar to the existing provision in Abergavenny and Monmouth in the north.
- *Can it be confirmed that there will be no changes to the frequency of road sweeping operations?* Yes, no changes are proposed as part of this budget.
- *Will the aspiration to generate £150k of new income from leisure services translate into a spike in fees to access those services?* The proposal to generate £150k in new income from leisure services does not involve increasing fees for accessing these services. Instead, it focuses on increasing the usage of leisure services to drive higher income. The recent investments in leisure services and the growing memberships at leisure centres underscore their value as community assets.
- *What is the source of the £366k savings in the social care budget?* These savings primarily come from increased non-residential fees, based on financial assessments in line with the Social Services and Well-being Act of 2014. The rates are being increased, but they are means-tested with a maximum weekly cap of £100. The service is facing pressures from rising National Insurance, real living wage, and inflation. Despite low headline inflation, certain areas are still experiencing significant cost increases. The fee increase reflects these anticipated cost pressures, but support is available for those who need it through means-tested financial assessments.
- *If there's a cap of £100 per week what range of increases can actually be utilised?* The hourly rate of care charge will go up from £20 to £24 for non-residential care.
- Where are the youth services that are mentioned as being in the south? **–** **ACTION – to provide a written response**
- *The 7.8% increase in council tax is a concern. Is it correct that it means a Band D property will pay a further £400 p/a?* The proposed increase for a Band D property is £131.56 per year, not £400, and is necessary to sustain service delivery.
- *What is the explanation for cutting cybersecurity insurance?* The decision to cut cybersecurity insurance is based on its poor value for money. The council's cybersecurity measures are robust and the insurance only covers the cost of

cleaning up after a breach, not preventing it. The council's cybersecurity protocols are robust, and the risk of loss and damages was deemed manageable without the insurance. Furthermore, the market for cybersecurity insurance is immature, and the council's internal security measures have significantly improved. The council holds a budget for self-insurance and an insurance and risk management reserve to cover potential financial risks.

- *Are we doing as much as we can with roads, or are we looking to do any more on Highways?* There is a significant backlog in road and infrastructure maintenance, at around £80 million; the additional £2.3 million investment, therefore, while helpful, is insufficient to address the entire backlog. The council is aware of the poor state of the roads and is doing what it can within the financial constraints, and has also received additional funding from Welsh Government to support borrowing for highway improvements. Specific roads and lanes will be considered based on their priority and risk assessment.
- *Is it correct that leisure centre times are not changing?* Yes, this is correct.
- *Is there a possibility of realigning the market from the bottom car park at Blestium Street to Agincourt Square? This change could potentially release car parking spaces and increase revenue.*
- *Regarding Hubs, can we have a counter on both doors? Can you confirm that the library in the Hub in Monmouth is not being reduced, and how the potential move to Shire Hall would take place?* The need for accurate data collection on hub usage is acknowledged and there is an ongoing piece of work to ensure consistent measurement across all hubs. He reiterated the importance of making evidence-based decisions regarding the opening hours of the hubs and ensuring that any changes do not create additional demand on other services. The idea about a counter will be passed on to Cabinet Member Sandles.
- *Is it correct that the old library room, under the lottery bid, would be used to archive and display items from the museum, such as books, papers, and maps?* The proposals for Shire Hall are quite exciting and have been developed in partnership with the people of Monmouth and the Heritage Lottery. The aim is to make Shire Hall a modern museum and a hub for heritage and culture, which could increase footfall. As part of this development, it was considered whether collocating the library service in the same building would provide a better experience for all users, such as allowing visitors to access both the museum and library on a Sunday. Although there has been a strong response to this idea, there

is no firm proposal yet. The current proposals for Shire Hall are still evolving, and the bid will further develop these ideas. The museum collections include many documents, a local history library, and the Nelson collection. The current proposals include a reading room, education spaces, and areas for research and educational groups.

- *The lack of immediate parking for residents near Shire Hall is a concern. Additionally, the food bank and other hub services, such as support for women in crisis, benefit from the current location, and people can discreetly access various services under the guise of visiting the library, which provides them with privacy.* It is important that we understand who uses the hubs and for what purposes. You stress the decisions regarding the opening hours of the hubs need to be evidence-based to ensure that any reduction does not place additional demand on other services, such as the homelessness service. There are pros and cons regarding the proposals around Shire Hall: some people believe that moving the library back to the centre of town would be beneficial, but this week, there has been strong feedback highlighting the cons of the proposal.
- *Have you conducted a review to rationalise the wider groups that we support e.g. Cardiff Capital Region, to understand how contributions to such partnerships are made and how maximum value can be leveraged from this partnership work?* The different partnerships, such as the Cardiff Capital Region, are funded centrally, and the local authorities, including MCC, take an active role in them. There is a larger piece of work happening in England that may affect the Western Gateway, particularly with the consolidation of some authorities. However, in Wales, the way of working with and funding the Cardiff Capital Region is not affected by the current budget, as it is funded centrally and does not come across the Cabinet Member's desk.
- *Is there a risk of being in breach of Welsh Language standards in using AI for translation?* The use of AI in Welsh language translation is intended to strengthen the council's capabilities. Quality verification will be in place to ensure accuracy, and if the Welsh Language Commissioner wishes to review the proposals, they would be welcome to do so. In fact, they should welcome this development, as the use of technology like this can be key to delivering good value for residents.
- *Do we have particular grants for potholes?* The Welsh Government's draft settlement includes additional investment for highways and structures, allowing the council to allocate an additional £1.4 million for these works. He emphasized

the importance of a structured approach to addressing potholes and related infrastructure issues.

- *Will there be a review next year to assess the financial and social impacts of the potential changes in hub hours, particularly on other MCC departments such as homelessness and social care, and to ensure that vulnerable adults are not unduly affected by the closures?* The intention is to design changes in the opening hours of the hubs to have minimal impact, especially in locations where services are most needed. The situation will be continuously monitored, and it is acknowledged that if more funds were available, these changes might not be necessary. The hubs are considered the 'front door' of the community, and there is a strong commitment to ensuring they provide good value and effective service for residents.
- *Can you clarify the grassroots fee structure – is the annual payment £10 or £12.50?* The mention of four instalments of £12.50 was an error in the document. The correct proposal is a £10 annual fee for grassroots membership.

Chair's Summary:

Thank you to Cabinet Members and officers, and to Councillor Strong for organising the members of public attending. We have discussed a number of aspects of the budget today, including the impact of car park reviews, noting that money from car parks goes to the highways department; social care savings and price increases; the Regional Partnership Board; Old Tintern Station, expressing concerns shared by others; the realignment of opening hours for youth clubs and centres, particularly in rural communities, and the savings from these changes; road sweeping, leisure centre prices, partnerships, and Welsh language compliance; questions about the hubs, residents' travel expectations, public transport protection, and funding shortfalls from the Welsh government; Severn View House and homelessness cost reductions. Finally, we also asked about highways, council tax increases, and issues related to the hubs and Shire Hall.

6. Place Scrutiny Committee Forward Work Programme and Action List.

Officers reminded members to provide questions for NRW regarding the Nedern, ahead of the next meeting. A Special meeting on 5th June to scrutinise the Replacement Local Development Plan was agreed – **ACTION**

Members requested an item to look at the rates charged for markets and stallholders, and at markets more generally – **ACTION**. Councillor Brown reiterated the intention to scrutinise the Shire Hall Lottery bid.

7. Council and Cabinet Work Planner.

8. To confirm the minutes of the previous meeting.

The minutes were confirmed.

9. Next Meeting: Thursday 27th March 2025 at 2.00pm.

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Monmouthshire Scrutiny

Performance and Overview Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 11th February 2025

Report Item 4: Revenue and Capital Budget Proposals

The Committee undertook thorough scrutiny of the report, highlighting the following important issues for the Cabinet Member's consideration:

- Are there any other frontline services being considered for curtailing or closure, especially in light of the proposed changes to Monmouth Library?

  There are no proposals to move Monmouth Library or close any hubs. The proposal is to adjust the hub's opening hours to generate revenue savings while minimizing disruption to services.

- How do you expect to fill the gap in the budget, considering the expected additional funding from the Welsh Government?

  The budget gap is expected to be partially filled by additional funding from the Welsh Government. However, there is ongoing negotiation, and the final budget will reflect any changes. The council is optimistic that the funding will cover a significant portion of the remaining gap.

- Are there going to be redundancies, especially in frontline services like teaching staff, given the budget pressures?

  While the council has been managing vacancies to minimise the need for redundancies, it cannot be explicitly stated that there will be no redundancies. The number of potential redundancies is expected to be very low, and efforts are being made to manage this through natural turnover.

- Are there any effects on teaching staff due to the education budget pressures, such as reductions in foreign language offerings in the sixth form?

  The council is fully funding the Teachers' pay award, pension costs, National Insurance contributions, and adding an additional £1m to support schools. Decisions on staffing within schools are made by individual governing bodies, so specific impacts on teaching staff cannot be detailed at this time.

- Why is there uncertainty about the impact of National Insurance changes on indirect employees in social care?

  The uncertainty arises because the impact on commissioned services depends on how much of the increased National Insurance contributions will be passed on to the council by service providers. This varies based on the providers' business

models, size, and structure. The council has modelled a pressure for this but will need to consider the risk as part of the final budget.

- Are we in a position to give some an approximate figure as to how many hours in total we might need to reduce the hub opening hours?

  The proposal is to reduce hub opening hours by approximately 35 hours per week across the four hubs. This equates to roughly one day of provision per week.

- There will be a £2.9 million shortfall in the budget. What happens if we don't get the grant from the Welsh Government, and what will that mean for our residents and their Council tax bills? Are there criteria that we need to meet to get these extra grants?

  Negotiations with the Welsh Government are ongoing, and the council is optimistic about a positive outcome. If the grant from the Welsh Government does not fully cover the shortfall, the council will look at other income streams, including additional grant income. The eligibility for these grants is not dependent on having a funding gap. The council is not expecting to increase Council tax further to close the gap, but it cannot be completely ruled out.

- If we were to get the full £2.9m that we need, could we still utilise those extra income streams?

  Yes, the council can still apply for and utilise additional grants regardless of whether the full funding gap is closed by the Welsh Government grant. The eligibility for these grants is not dependent on the funding gap.

- Will the £300k investment in the foster care service be a direct payment to the families as an increase to what's already paid to them on a weekly or monthly basis? Will the investment see savings in payments to foster care agencies with successful recruitment, and what would those savings be per individual in the difference between annual cost of an agency and a foster family?

  The investment will be used to increase both the allowances and fees paid to foster carers. The fees could be doubled in some cases. This increase aims to make the payments comparable to those from independent agencies, leading to potential savings as more foster carers are recruited directly by the council. The exact savings will depend on the number of foster carers transitioning from agencies to the council.

- Do we have an update on how successful the budget consultation has been so far, and can councillors do more to promote it? How will the feedback influence the final budget proposals?

The budget consultation has been going well with good engagement. Councillors can help promote the consultation by sharing information and encouraging participation. The feedback from the consultation will be considered in finalizing the budget proposals.

- Is it correct that there is no Cabinet Member attendance at engagement sessions?

  The engagement sessions are being conducted as drop-in sessions across various council hubs, lasting for several hours each. These sessions are primarily led by officers who have the necessary information to answer residents' questions. If officers are unable to provide answers, they will take contact details and follow up. Unfortunately, the cabinet member isn't able to attend all sessions due to a busy schedule filled with budget consultation events and other commitments.

- How do we focus on prevention and demand management in our budget, and what are we doing to invest in early intervention to stem the demand for our services?

  The council is working on a project to develop a whole authority approach to prevention, aligning various services to focus on promoting independence, well-being, and community connections. This includes tackling inequality, increasing spending on frailty, and transitioning to reablement in social care. Although there is no specific budget line for prevention, it is a thread running through various activities.

- How do we ensure value for money in our commissioning and procurement processes, especially for services provided to schools?

  Schools are encouraged to bring forward contractors to be added to the approved contractors list to improve value for money. Schools can also obtain multiple quotations for work and present them for approval. The council supports schools in managing these processes, although it acknowledges the challenges schools face in doing so.

- With nearly 70% of our schools in deficit, what are we doing to ensure their financial sustainability?

  We acknowledge the concerning situation with nearly 70% of schools in deficit. The authority is working with schools to support them with their budgets and provide advice on becoming more financially sustainable. As part of the budget, an additional £1m is being allocated to support schools, although it is recognised that this will not eliminate their deficits overnight. Some schools will need to make changes to achieve financial sustainability. It is also important to build

bridges between schools to share best practices, which is an ongoing effort within the education portfolio.

- What is the plan to deal with the significant number of surplus places across school clusters?

  The issue of surplus places is under constant review, with some areas in Monmouthshire experiencing more acute problems than others. Proposals are being developed to address these issues, but it is not a quick fix. The consultation processes required for any changes are lengthy, and none of the schools are eligible for a speedy closure route from the Welsh government, meaning they would all undergo the full consultation process. A longer-term strategy involves increasing the number of younger people in the authority by providing affordable housing for younger families. This is expected to bolster school populations and have positive outcomes for communities.

- Are difficult decisions regarding the school estate and asset base, as well as changes to leadership structures, such as the Federation of schools, being considered to deal with these problems?

  It is important to recognise the different types of schools in the community, including religious and community schools, and how they operate under different legal frameworks. Moving forward, there will be a need to look at the leadership structures of schools. There are already two federations in Monmouthshire, which have proven to be positive developments by supporting smaller schools and providing access to more improvement resources and varied experiences for children. It is vital that we try to attract the best headteachers to Monmouthshire. Other local authorities in Gwent have larger primary schools, which correlate with higher salaries and attract a different group of headteachers and applicants. This is something that will be considered moving forward, with the aim of addressing these issues in the coming year.

- Has any thought been given to looking at the model used in the Savoy in Monmouth, where a trust runs it successfully, for the Borough Theatre?

  The Borough Theatre has previously explored a trust model, which had relative success for a period but ultimately did not work. The current model involves strong partnerships, including with the Town Council, and there are no immediate plans to change this. However, future exploration of different operating models is possible.

- What plans are there for increasing income in leisure centres, and has there been any thought given to introducing family memberships?

The council is confident in the growth of income from leisure centres and is always looking at new options. The idea of a family membership is a good suggestion and will be explored further. The leisure centres have seen significant growth in income recently, and various membership options are already in place.

- Residents are facing a 23% increase over three years, which is significantly higher than inflation. How will the council respond to residents who are concerned about this increase and how it aligns with the council's claim of being financially responsible?

- *Most of the cost pressure is due to increasing demand and complexity of services. The council emphasises the importance of protecting valuable public services and question would be which services residents would prefer to see reduced if the council tax increase were to be lowered? Funding primarily comes from taxpayers' money, and the council is making £5.1 million worth of changes, including efficiency savings and income increases, to balance the budget. We would underscore the council's commitment to maintaining essential services that residents rely on, despite the challenging decision to raise council tax.*

- The council has a track record of not meeting its savings targets, which raises doubts about the credibility of projecting significant savings in the coming year. What reassurance can be given to residents that the financial plan is based on solid foundations?

  This is a valid concern. In the 2024-25 financial year, about 80% of the projected savings were realised, leaving a shortfall in the budget. This year, the council aims to make £5m worth of savings. There is a challenging financial situation faced by local authorities and Monmouthshire has managed well under pressure in recent years. The council uses the best available data to forecast demand for the following financial year, although there have been overspends, particularly in social care and health. These overspends have been offset by better outcomes in other areas. While there is always risk, the council aims to balance the budget by the end of the year, even though exact figures may not be met. The goal is to get as close as possible with the available forecasting.

- How is the business community supported, and has any consideration been given to engaging with business leaders to explore ways to manage and reduce costs within the council, given that business leaders are experienced in managing costs?

  The council frequently engages with the business community through the Chambers of Commerce, which are part of the budget consultation process. The council aims to hear their voices and support them with policies. Additionally, the

council uses the private sector to deliver services, contracting out to private organisations. While some private organisations provide good value for money, others do not, leading to proposals in the budget to bring services back in-house to provide better service and value for money.

- Is the increasing trend in the needs of older adults within the county a straight line upwards, or is there any sign of it levelling off or accelerating?

  The trend in the needs of older adults within the county is difficult to predict precisely. While there has been a steady increase, particularly after the pandemic, there are variations in specific areas. For example, there has been a rapid rise in the highest level of need around residential care homes, while care at home hours have stabilised. Overall, the trend is expected to continue increasing due to the ageing population, but it is not a straightforward linear increase.

Chair's Conclusion:

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

Performance & Overview Scrutiny 11th February 2025

1. Apologies for Absence.

Jill Bond. John Crook, with Su McConnell as substitute.

2. Declarations of Interest.

None.

3. Public Open Forum.

None.

4. Revenue and Capital Budget Proposals – To scrutinise the 2025/26 Draft Revenue and Capital Budget Proposals.

Cabinet Member Ben Callard delivered a presentation, introduced the report and answered the members' questions with Matthew Gatehouse, Jonathan Davies, Ian Saunders, Cabinet Member Ian Chandler, Jane Rodgers and Will McLean.

- *Are there any other frontline services being considered for curtailing or closure, especially in light of the proposed changes to Monmouth Library?* There are no proposals to move Monmouth Library or close any hubs. The proposal is to adjust the hub's opening hours to generate revenue savings while minimizing disruption to services.
- *How do you expect to fill the gap in the budget, considering the expected additional funding from the Welsh Government?* The budget gap is expected to be partially filled by additional funding from the Welsh Government. However, there is ongoing negotiation, and the final budget will reflect any changes. The council is optimistic that the funding will cover a significant portion of the remaining gap.
- *Are there going to be redundancies, especially in frontline services like teaching staff, given the budget pressures?* While the council has been managing vacancies to minimise the need for redundancies, it cannot be explicitly stated that there will be no redundancies. The number of potential redundancies is expected to be very low, and efforts are being made to manage this through natural turnover.
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- *There will be a £2.9 million shortfall in the budget. What happens if we don't get the grant from the Welsh Government, and what will that mean for our residents and their Council tax bills? Are there criteria that we need to meet to get these extra grants?* Negotiations with the Welsh Government are ongoing, and the council is optimistic about a positive outcome. If the grant from the Welsh Government does not fully cover the shortfall, the council will look at other income streams, including additional grant income. The eligibility for these grants is not dependent on having a funding gap. The council is not expecting to increase Council tax further to close the gap, but it cannot be completely ruled out.
- *If we were to get the full £2.9m that we need, could we still utilise those extra income streams?* Yes, the council can still apply for and utilise additional grants regardless of whether the full funding gap is closed by the Welsh Government grant. The eligibility for these grants is not dependent on the funding gap.
- *Will the £300k investment in the foster care service be a direct payment to the families as an increase to what's already paid to them on a weekly or monthly basis? Will the investment see savings in payments to foster care agencies with successful recruitment, and what would those savings be per individual in the difference between annual cost of an agency and a foster family?* The investment will be used to increase both the allowances and fees paid to foster carers. The fees could be doubled in some cases. This increase aims to make the payments comparable to those from independent agencies, leading to potential savings as more foster carers are recruited directly by the council. The exact savings will depend on the number of foster carers transitioning from agencies to the council.
- *Do we have an update on how successful the budget consultation has been so far, and can councillors do more to promote it? How will the feedback influence the final budget proposals?* The budget consultation has been going well with good

engagement. Councillors can help promote the consultation by sharing information and encouraging participation. The feedback from the consultation will be considered in finalising the budget proposals.

- *Is it correct that there is no Cabinet Member attendance at engagement sessions?* The engagement sessions are being conducted as drop-in sessions across various council hubs, lasting for several hours each. These sessions are primarily led by officers who have the necessary information to answer residents' questions. If officers are unable to provide answers, they will take contact details and follow up. Unfortunately, the cabinet member isn't able to attend all sessions due to a busy schedule filled with budget consultation events and other commitments.
- *How do we focus on prevention and demand management in our budget, and what are we doing to invest in early intervention to stem the demand for our services?* The council is working on a project to develop a whole authority approach to prevention, aligning various services to focus on promoting independence, well-being, and community connections. This includes tackling inequality, increasing spending on frailty, and transitioning to reablement in social care. Although there is no specific budget line for prevention, it is a thread running through various activities.
- *How do we ensure value for money in our commissioning and procurement processes, especially for services provided to schools?* Schools are encouraged to bring forward contractors to be added to the approved contractors list to improve value for money. Schools can also obtain multiple quotations for work and present them for approval. The council supports schools in managing these processes, although it acknowledges the challenges schools face in doing so.
- *With nearly 70% of our schools in deficit, what are we doing to ensure their financial sustainability?* We acknowledge the concerning situation with nearly 70% of schools in deficit. The authority is working with schools to support them with their budgets and provide advice on becoming more financially sustainable. As part of the budget, an additional £1m is being allocated to support schools, although it is recognised that this will not eliminate their deficits overnight. Some schools will need to make changes to achieve financial sustainability. It is also important to build bridges between schools to share best practices, which is an ongoing effort within the education portfolio.
- *What is the plan to deal with the significant number of surplus places across school clusters?* The issue of surplus places is under constant review, with some areas in Monmouthshire experiencing more acute problems than others. Proposals are being developed to address these issues, but it is not a quick fix. The consultation

processes required for any changes are lengthy, and none of the schools are eligible for a speedy closure route from the Welsh government, meaning they would all undergo the full consultation process. A longer-term strategy involves increasing the number of younger people in the authority by providing affordable housing for younger families. This is expected to bolster school populations and have positive outcomes for communities.

- *Are difficult decisions regarding the school estate and asset base, as well as changes to leadership structures, such as the Federation of schools, being considered to deal with these problems?* It is important to recognise the different types of schools in the community, including religious and community schools, and how they operate under different legal frameworks. Moving forward, there will be a need to look at the leadership structures of schools. There are already two federations in Monmouthshire, which have proven to be positive developments by supporting smaller schools and providing access to more improvement resources and varied experiences for children. It is vital that we try to attract the best headteachers to Monmouthshire. Other local authorities in Gwent have larger primary schools, which correlate with higher salaries and attract a different group of headteachers and applicants. This is something that will be considered moving forward, with the aim of addressing these issues in the coming year.
- *Has any thought been given to looking at the model used in the Savoy in Monmouth, where a trust runs it successfully, for the Borough Theatre?* The Borough Theatre has previously explored a trust model, which had relative success for a period but ultimately did not work. The current model involves strong partnerships, including with the Town Council, and there are no immediate plans to change this. However, future exploration of different operating models is possible.
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- *Residents are facing a 23% increase over three years, which is significantly higher than inflation. How will the council respond to residents who are concerned about this increase and how it aligns with the council's claim of being financially responsible?* Most of the cost pressure is due to increasing demand and complexity of services. The council emphasises the importance of protecting

valuable public services and question would be which services residents would prefer to see reduced if the council tax increase were to be lowered? Funding primarily comes from taxpayers' money, and the council is making £5.1 million worth of changes, including efficiency savings and income increases, to balance the budget. We would underscore the council's commitment to maintaining essential services that residents rely on, despite the challenging decision to raise council tax.

- *The council has a track record of not meeting its savings targets, which raises doubts about the credibility of projecting significant savings in the coming year. What reassurance can be given to residents that the financial plan is based on solid foundations?* This is a valid concern. In the 2024-25 financial year, about 80% of the projected savings were realised, leaving a shortfall in the budget. This year, the council aims to make £5m worth of savings. There is a challenging financial situation faced by local authorities and Monmouthshire has managed well under pressure in recent years. The council uses the best available data to forecast demand for the following financial year, although there have been overspends, particularly in social care and health. These overspends have been offset by better outcomes in other areas. While there is always risk, the council aims to balance the budget by the end of the year, even though exact figures may not be met. The goal is to get as close as possible with the available forecasting.
- *How is the business community supported, and has any consideration been given to engaging with business leaders to explore ways to manage and reduce costs within the council, given that business leaders are experienced in managing costs?* The council frequently engages with the business community through the Chambers of Commerce, which are part of the budget consultation process. The council aims to hear their voices and support them with policies. Additionally, the council uses the private sector to deliver services, contracting out to private organisations. While some private organisations provide good value for money, others do not, leading to proposals in the budget to bring services back in-house to provide better service and value for money.
- *Is the increasing trend in the needs of older adults within the county a straight line upwards, or is there any sign of it levelling off or accelerating?* The trend in the needs of older adults within the county is difficult to predict precisely. While there has been a steady increase, particularly after the pandemic, there are variations in specific areas. For example, there has been a rapid rise in the highest level of need around residential care homes, while care at home hours have stabilised.

Overall, the trend is expected to continue increasing due to the ageing population, but it is not a straightforward linear increase.

Chair's Summary:

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

5. Financial Update 3 – To scrutinise the budgetary position (revenue and capital) for services falling within the committee's remit.

Cabinet Member Ben Callard introduced the report and answered the members' questions with Jonathan Davies, Deb Hill-Howells, Cabinet Member Ian Chandler, Jane Rodgers and Will McLean.

- *Can the savings made through vacancies in civic enforcement be offset against the income that those officers would have generated?* Officers clarified that the savings listed for Civic Enforcement officers are made through vacancies and do take into account the potential impact on income generated from fines. The service has considered the overall impact, including the enforcement action and income generation, when holding these vacancies.
- *What is the cause of the overspend in waste and grounds maintenance, particularly related to recyclable prices and workplace recycling regulations, and how can we encourage a higher recycling rate in the county?* Members were advised that the overspend is due to volatility in recyclable prices and the impact of new workplace recycling regulations. These regulations have led to reduced volumes of recyclable materials collected from businesses, as some businesses have found alternative waste disposal options. This has affected the overall recycling rates and contributed to the overspend. The council is reviewing the costs associated with trade waste and recyclable materials and are in the process of going through a procurement exercise to address the volatility in recyclable prices and improve the financial situation for the next financial year. Additionally, efforts are being made to encourage businesses to participate in recycling programs and comply with the new regulations to maintain high recycling rates.
- *How confident is the council in addressing the budget shortfall of £1.593m, that includes a £2.376 million shortfall in meeting savings targets relating to only 78% of the £10.9 million of savings forecast to be achieved?* The Cabinet Member advised that the council is confident in addressing the shortfall by continuing to work with services to drive through the remaining savings towards the end of the

year and maintaining a focus on budget control to ensure that costs are managed effectively, and the remaining gap is closed.

- *What are the recovery plans for schools ending the financial year in deficit, given that 69% of the schools (24 out of 35) are forecasted to end the financial year in a deficit?* The Chief Officer for Children and Young People responded that the council is working with schools to support them in developing effective recovery plans, which includes providing guidance and assistance in managing their budgets, exploring opportunities for efficiency savings, and ensuring that schools have the necessary resources to address their financial challenges.
- *Has there been a shift in children's social care, with providers exiting the market, reducing the number of providers offering services and affecting costs?* The Chief Officer for Social Care and Health agreed there has been a shift, which has led to increased costs due to reduced competition. The market is currently volatile, with some providers charging higher prices during this transition period, so the council is working to increase in-house care provision to mitigate these costs.
- *Are discussions taking place across the region with other local authorities to take collective action to resolve the issue of continuing healthcare (CHC) cost shunting from the NHS to local authorities?* The Committee was advised that conversations are being held, but that progress has been slow, and the process remains challenging, with Councils seeking ways to resolve the issue collectively.
- *How is the £400k shortfall in housing and homelessness savings targets being addressed, and what is the impact of grant funding on the shortfall?* The shortfall has been addressed through grant funding from Welsh Government which has significantly mitigated the situation and that the council is continuing to work on reducing high-cost bed and breakfast placements by utilizing more cost-effective temporary accommodation solutions. Whilst this is a positive outcome, the timely delivery of savings plans is important and in this instance could have led to grant funding being redirected to other priorities.
- *How is the council tackling the growing trend of increased discounts, exemptions, and slower tax collection, and has there been an impact on the council's income?* The Committee was advised that the level of discounts and exemptions is increasing, moving towards an all-Wales average and that the council has been raising awareness about available discounts and exemptions to ensure eligible residents take advantage of them. Whilst the collection rate remains robust, the process is taking longer, and the council is working closely with the shared service with Torfaen to offer support to those experiencing difficulty in paying.

- *What is the council doing to build up its reserves, and how can it work with the Welsh Government to ensure Monmouthshire is not in the position of having the least reserves?* The Cabinet Member assured that the council is aware of its low level of reserves and is taking steps to increase financial resilience, which includes the council tax premium to create resilience and investment in housing issues. He advised that increasing reserve cover depends on the funding settlement and the ability to generate a budget surplus and that the council is working closely with Welsh Government to address this issue.
- *Why are the specific forecast deficits for King Henry School and Chepstow School so much higher than for Monmouth Comprehensive?* The Chief Officer for Children and Young People confirmed that the higher forecast deficits for King Henry School and Chepstow School are due to specific challenges, including transitional costs for King Henry and other unique issues for Chepstow and that Monmouth Comprehensive does not face the same level of challenges. He explained that the three schools have broadly similar in-year overspend positions, all in excess of half a million pounds. Monmouth Comprehensive had secured a higher level of brought forward balance, which has impacted their carried forward deficit. Chepstow School has been working closely with the council to improve their long-term deficit position, showing recent improvements. King Henry School has faced significant cost pressures due to the transition to a through school and delayed move into the new building, along with some income streams not materialising as expected. The council is working with these schools to ensure a recovery that does not immediately and detrimentally affect academic or support provision.
- *How does the deficit in schools' reserves affect the council's balance sheet, considering the uncertain time frame for recovery?* The explanation given was that the deficit in schools' reserves moves to the council's balance sheet, impacting the overall financial position and resilience. The recovery plans for schools are long-term, and therefore deficits may grow before they start to reduce.
- *The 3 core services of the council are forecast to overspend at year-end by £5.15 million. Last quarter the forecast was £5.3 million. This is marginal improvement, and quite a different picture from the overall council forecast overspend, as the 3 core services overspend continues to be offset by balancing finance and treasury measures. The overspend in those core services will now carry forward to next year – surely this is not sustainable?* The Cabinet Member responded that it isn't a negative to find ways to balance expenditure across the departments and that the council's budget proposals for next year include ongoing changes aimed at

making services, particularly in social care, more financially sustainable. He explained that despite the forecasted overspend in the three core services, the council has faced significant budget gaps of over £20 million annually for the past three years, which is a substantial challenge and that he was proud of the council's efforts to address the financial pressures. The council is working to manage costs efficiently by addressing demand within services, implementing preventative measures, and ensuring financial discipline, the focus being on maintaining service quality while managing financial pressures. He also advised that the council had benefited from an additional £1.3 million Welsh Government grant.

Chair's Summary:

The Chair thanked the officers and Cabinet Member for the report and their responses to the committee's questions and said that the committee wished to recognise the work undertaken across the organisation to deliver services in a challenging financial context.

6. Performance and Overview Scrutiny Committee Forward Work Programme and Action List.

Due to the timing of reports coming forward, it was agreed that the next meeting in March will be cancelled, unless there is any change by the end of the week.

There is an all-Wales piece of work that Audit Wales are progressing involving local audit reviews of commissioning in all 22 local authorities – the committee's wish to scrutinise the council's Procurement can do so through the lens of this work. The committee will be updated as this work progresses.

7. Council and Cabinet Work Planner.

8. To confirm the following minutes:

- **8a Performance and Overview Scrutiny Committee dated 19th November 2024.**
- **8b Special Meeting – Performance and Overview Scrutiny Committee dated 3rd December 2024.**

The minutes were agreed.

9. Next Meeting: Tuesday 11th March 2025 at 10.00am.

This meeting will be cancelled.

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Monmouthshire Scrutiny

People Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 18th February 2025

Report Item 4: Revenue and Capital Budget Proposals

The Committee undertook thorough scrutiny of the report, highlighting the following important issues for the Cabinet Member's consideration:

- Are there any caveats on the £2.9 million expected from the Welsh Government?

  Some of the additional funding from the Welsh Government is expected to be earmarked specifically for social care and health. This earmarked funding will offset other funding, allowing redistribution to other services as required. The exact details are still being finalised, but there is confidence in closing the remaining gap without further impact on services or Council tax.

- When will the police and Crime Commissioner's precept be available to the public?

  The police and community councils have recently provided their precept proposals. This information is being processed and will be included in the final budget papers, which will be presented to the cabinet on March 5th and to the Council on March 6th.

- Do we charge for the administration of the police precept?

  No, the local authority does not charge an administration fee for the police precept due to regulatory restrictions. The arrangements around the Council tax base and collection rate are strictly regulated.

- How does the £125,000 staffing review saving within the home care teams equate with the increased demand and pressure on home care teams?

  The saving is part of a broader strategy to right-size care packages and support people within their communities for as long as possible. The review aims to consolidate existing vacancies without compromising the quality of care or delaying transfers of care from hospitals. The Cabinet Member confirmed they believe it is sustainable without impacting service delivery. Officers added that they are confident in maintaining service levels despite the vacancies, as they have been managing with these vacancies for a considerable time and are changing the way services are delivered.

- What changes are planned for youth clubs in rural areas?

  The plan is to withdraw the standalone rural youth service provision in the South of Monmouthshire and focus on the youth service provision within the four main towns (Caldicot, Chepstow, Abergavenny, and Monmouth). The services required in rural areas will be absorbed by the existing provisions in these towns.

- How successful are we in getting maximum Continuing Healthcare (CHC) funding from the NHS?

  Securing CHC funding remains a challenge, particularly for younger people with mental health and learning disabilities. While there is more success with older people, the process is complex and often involves long-standing disputes. The local authority is actively lobbying Welsh Government to address these challenges.

- Is any of the increased investment in key infrastructure specified for bridge maintenance, particularly the chain bridge?

  The work required for the Chainbridge is not specifically covered in the budget. However, a grant application has been submitted to the Resilient Roads Fund to cover the necessary work, and the outcome is expected by the end of March.

- How do we budget for the costs associated with bed blocking and how the social care budget manages these costs, particularly when there are delays in discharging patients from hospitals?

  The local authority provides care packages based on needs assessments, and the costs are part of the normal budget for externally commissioned services. Negotiations with the health board determine whether costs are covered by social care or continuing healthcare funding.

- Does the revenue from car parking fees have to be reinvested into car parking?

  The revenue from car parking fees is ring-fenced and goes back into highways, not specifically into car parks.

- Please can you explain what the £46,000 allocated for the Together Works project in Caldicot is?

  The Together Works in Caldicot was funded by the Shared Prosperity Fund, not the revenue budget. The Shared Prosperity Fund has been cut, putting services at risk, but Cabinet Member Paul Griffiths has been working on a solution to keep

Together Works open. The £46,000 mentioned was the remaining allocation from the Shared Prosperity Fund.

- What are the savings related to Welsh language services?

  The savings are achieved by utilising technology to deliver Welsh translation services more cost-effectively, reducing the labour content while maintaining quality through human validation.

- How are the savings in Mon Life's budget being achieved, particularly in leisure services?

  The savings in Mon Life's budget are achieved through various measures, including an options appraisal for the Old Station in Tintern, reducing subsidies for the Borough Theatre, and increasing income from leisure centres. The income shortfall across Mon Life is due to the diverse nature of its portfolio, which includes both commercial and non-commercial services. Leisure centres have seen strong income and increasing memberships. The plan is to continue this trend to provide additional income.

- Where are the £110,000 savings for community hubs going to come from and are there any redundancies planned? Is the resulting disservice to the community worth it, as reducing opening hours might negatively impact residents, as these services are crucial for the community.

  The Cabinet Member explained that savings will come from reducing the opening hours of the four main hubs (Abergavenny, Caldicot, Monmouth, and Chepstow). There are no changes proposed for Usk and Gilwern hubs. The importance of the services provided by the hubs was acknowledged and it was stated that if the financial situation allowed, there would be consideration given to not reduce the opening hours. However, due to the budget pressures, the savings are necessary, the aim being to manage demand, while bringing a budget saving forward.

- Could the ceasing of insurance for cybersecurity be explained?

  The cybersecurity insurance policy costs just under £100,000 a year and is considered not to represent good value for money. The local authority will self-insure in the event of a data breach, and this decision does not impact the cybersecurity provisions in place, which remain robust and are managed in collaboration with the SRS.

- Does the SRS (Shared Resource Service) has its own insurance for cybersecurity?

It is unlikely the SRS would be covered specifically for the costs associated with a data breach, as this type of insurance is quite niche.

- Are there plans to extend the opening times of leisure centres to support the trend of increasing memberships?

  Despite the reduced opening hours implemented last year, the leisure centres have continued to see strong growth in memberships. Extending the opening hours would incur additional costs, which would reverse the savings achieved and that there are no current plans to revert to the previous opening hours. Should the financial situation improve, extending the opening hours could be reconsidered, however, given the current budget constraints, maintaining the reduced hours is necessary.

- Has an Integrated Impact Assessment (IIA) been undertaken for *the withdrawal for the standalone rural youth service provision* in the south of Monmouthshire?

  Yes, Integrated Impact Assessments (IIA's) have been undertaken for all budgetary proposals.

- Are the documents relating to the capital side of the budget available, to detail specific projects like school modernization and infrastructure improvements?

  All the information related to the capital budget proposals is available on the website if there are further questions ahead of the Council meeting, Cabinet Members and officers are available to assist.

Chair's Conclusion:

The Chair advised that the questions and responses would be summarised and presented formally to the Cabinet, together with the draft minutes of the meeting for the Cabinet meeting on **5th March 2025.**

People Scrutiny 18th February 2025

Note: the following minutes focus on the challenge from members – for the full discussion, the recording of the meeting at People Scrutiny Committee - 18th February 2025 - YouTube

Attendees:

Councillors: Laura Wright, Jackie Strong, Jan Butler, Penny Jones, Maureen Powell, Peter Strong, Simon Howarth, Emma Bryn, Martyn Groucutt, Ben Callard, Ian Chandler

Officers: Jonathan Davies, Morwenna Wagstaff, Jacquelyn Elias, Will McLean, Nicola Wellington, Diane Corrister, Tyrone Stokes, Matthew Gatehouse, Hazel Ilett, Robert McGowan

1. Apologies for Absence

Apologies were received from Councillors Sue Riley, Christopher Edwards and Councillor Maria Stevens. Councillor Maria Stevens was substituted by Peter Strong.

2. Declarations of Interest

Councillor Penny Jones declared a non-prejudicial interest as an Independent Member of Aneurin Bevan University Health Board.

3. Public Open Forum

No public present.

4. Inclusion Strategy and Additional Learning Needs Policy

Dr Morwenna Wagstaff and Jacquelyn Elias introduced the report and answered the members' questions with Will McLean, Chief Officer for Children and Young People.

- What has been the effect of the vulnerable learner lead role on the numbers of pupils with reduced absences and levels of exclusion?

  The vulnerable learner lead role has been in place since March 2023. While there have been high levels of exclusion recently, this trend is mirrored regionally and nationally. There is ongoing work to manage and reduce exclusions, with schools are now being better supported and challenged

regarding exclusions, and there is a greater understanding of using exclusion as one of the tools in their toolkit.

- Are there significant cost benefits from the King Henry School model?
  The potential benefits for children with additional learning needs are the continuity and consistency offered by the model at the school, which is expected to provide smoother transitions and build long-lasting relationships with key staff. The inclusion of a Specialist Resource Base (SRB) at King Henry School will further support children with additional needs. This can prevent situations from escalating and potentially offer cost savings by keeping children in local mainstream schools.

- Are we seeing pressure from children coming out of private education due to increased fees?

  There are not significant numbers of learners leaving the independent sector to join MCC schools. However, there is capacity in the system to accommodate any such students, and the inclusion service would support those with additional learning needs through the usual process.

- Have we had any children with additional learning needs coming from private education?

  There are around 10 children who have moved from private education to Monmouthshire schools. She also mentioned that there is one child with additional learning needs currently going through an assessment process after moving from an independent setting.

- How do you identify children of service families and are you confident that you are identifying them all?

  The identification of children of service families is done through close work with the Armed Forces Covenant. There is a service family worker who helps in this process. While there is confidence in the identification process, it is acknowledged that there might be hidden cases, especially among reservist families.

- What work is done in relation to supporting service children?

  The local authority works closely with the Armed Forces Covenant to ensure support for service children. This includes applying for grants where there are clusters of service children and recognizing the unique challenges they face, such as frequent school changes.

- Councillor Peter Strong also paid tribute to Raglan School for their excellent work with service children, noting their recent bronze award from the Supporting Service Children in Education Cymru group.

- How much work is done in schools with head teachers and staff in identifying young people with specific learning difficulties (dyslexia, dyspraxia, dyscalculia)?

  There is an ongoing program of raising awareness and training in the whole school community for literacy and numeracy aspects of specific difficulties. The Monmouthshire Specialist Teaching Service supports schools in meeting the needs of children with literacy-based needs or dyslexia. The approach is holistic, focusing on upskilling school staff and making reasonable adjustments in the classroom.

- Has the identification and support for children with specific learning difficulties improved, and who decides the direction of support?

  The identification and support for children with specific learning difficulties have improved. The process is needs-led, and the Monmouthshire Specialist Teaching Service plays a key role in supporting schools. The decision on the direction of support is made through a person-centred approach, considering the individual needs of each child.

- How do we ensure that children with specific learning difficulties are identified early, especially before transitioning from Key Stage 2 to Key Stage 3?

  The focus is on identifying children early in Key Stage 2 and ensuring consistent support during their transition to secondary education. Professional learning offers and reasonable adjustments are emphasized to support children even before receiving care plans from health services.

- How do you identify children of service families, and are you confident that you are identifying them all?

  The identification of children of service families is done through close work with the Armed Forces Covenant. There is a service family worker who helps in this process. While there is confidence in the identification process, it is acknowledged that there might be hidden cases, especially among reservist families.

- What work is done in relation to supporting service children?

The local authority works closely with the Armed Forces Covenant to ensure support for service children. This includes applying for grants where there are clusters of service children and recognizing the unique challenges they face, such as frequent school changes.

- What percentage of Monmouthshire children are having to go outside the county for specialist provision, and how do we ensure the needs of children with low incidence disabilities are met? How do we ensure that children with specific communication needs, such as those who are deaf, receive the best education possible?

  The local authority works with the regional service CENTCOM to support children with low incidence disabilities such as deafness or visual impairments. Most children with these needs are included in mainstream settings with appropriate support. The approach is person-centred, involving the child and their family in decision-making. There are very few children who go outside the county for specialist provision.

- Do we have statutory responsibility for home-schooled children, and is there a process to physically see these children regularly?

  Yes, there is a statutory responsibility for home-schooled children. The local authority has an elective home education officer who visits families when a child is deregistered from school and conducts regular reviews to ensure the education provided is suitable. However, parents can opt out of visits unless there are safeguarding concerns.

- How do we ensure that children with additional learning needs are identified and supported effectively?

  The local authority uses a needs-led approach, focusing on individual needs rather than labels. The Monmouthshire Specialist Teaching Service supports schools in identifying and meeting the needs of children with specific learning difficulties. Professional learning and reasonable adjustments are emphasized to support children effectively.

- How do we support children with specific learning difficulties in mainstream settings?

  The approach includes upskilling school staff, making reasonable adjustments in the classroom, and using technology to support children with severe writing and

spelling difficulties. The focus is on holistic support within the classroom rather than removing children for separate interventions.

- How much provision is made for children when they get to the age of 18 onwards?

  Under the new Additional Learning Needs and Education Tribunal Act, provision extends from 0 to 25 years. The local authority supports post-16 learners in further education or vocational paths, ensuring continuity of support for those with individual development plans (IDPs).

- Do we have the same facilities as in England for supporting children with special needs until they are 26?

  Yes, Wales now mirrors the English system, supporting children with additional learning needs up to the age of 25. This includes maintaining IDPs and ensuring appropriate further education placements.

- Do we have statutory responsibility for home-schooled children and is there a process to physically see these children regularly?

  Yes, there is a statutory responsibility for home-schooled children. The local authority has an elective home education officer who visits families when a child is deregistered from school and conducts regular reviews to ensure the education provided is suitable. However, parents can opt out of visits unless there are safeguarding concerns.

- Is the number of home-schooled children rising significantly, and if so, why?

  Yes, the number of home-schooled children has increased significantly across Wales. The reasons for this rise are varied, including lifestyle choices and other personal reasons. The local authority monitors these numbers and provides support where needed.

- Do we provide funds or allowances to families who home-school their children?

  No, the local authority does not provide funds or allowances to families who home-school their children. Occasionally, grants may be available for learning resources, but it is not the local authority's responsibility to provide educational provision for these families.

- How much provision is made for children when they get to the age of 18 onwards?

  Under the new Additional Learning Needs and Education Tribunal Act, provision is made from ages 0 to 25. Monmouthshire supports children post-16, either in college or independent specialist colleges, and ensures that they receive appropriate education and vocational training.

- Do home-schooled children miss out on social interactions with other children?

  While home-schooled children may not attend a traditional school, many are part of networks and groups that provide social interactions through various activities and events. These networks help ensure that children still have opportunities for socialisation.

- What strategy do we have for identifying children educated 'other than school'? Is there a process to address those needs if it's felt they aren't being met at home?

  The strategy for identifying children educated 'other than school' (EOTAS) involves several key components. EOTAS includes children receiving education outside of a school setting and Monmouthshire has an updated policy out for consultation. The elective home education (EHE) officer within the Education Welfare Service plays a crucial role in tracking and monitoring the numbers of homeschooled children and exploring the reasons behind parents' choices to homeschool. Support and monitoring for homeschooled children are emphasised, with a focus on understanding whether parents are choosing to homeschool due to unmet needs and supporting and challenging this decision when necessary.

  If a homeschooled child has an Individual Development Plan (IDP), the local authority must review and decide whether to maintain it, ensuring that the additional provision identified in the IDP is met. Discussions with parents focus on how they plan to meet the additional provision, and if they are unable to do so, the local authority may intervene to ensure the child's needs are met. If the local authority feels a child is not receiving suitable education through homeschooling, they may take further steps through the Education Welfare Service to address the situation.

- In terms of children of offenders – how are they identified and what specific support is in place for them?

Children of offenders are typically identified through schools. A person-centred approach is used to assess their support needs and those of their families. Often, a trauma-informed approach is applied to help these children understand and cope with their situation, especially if the offense has had a significant impact on them. A team around the child is formed to provide necessary support, which may include educational psychology services, school-based counsellors, or other relevant professionals. The needs of these children can be complex and vary greatly, requiring tailored support to help them develop a sense of self separate from their offending parent.

- Is there a process to regularly see the children who aren't in school? Do we flag to any other organisations or authorities?

  The Education Welfare Service has a dedicated Elective Home Education (EHE) officer who visits families when a child is deregistered from school for homeschooling. This officer conducts initial visits and follows up within a few months to ensure the education plan is progressing. Additionally, there is a "Children Missing in Education" policy to ensure that children who come off school rolls are accounted for and receiving suitable education. The EHE officer also offers regular reviews and monitoring of the homeschooling situation to ensure that the education provided is suitable, effective, and efficient. However, parents can currently opt out of visits from the local authority, which poses a challenge. If there are any safeguarding concerns, these are referred to the appropriate systems for further action.

- How many children are home educated currently? Is the number significantly raised? Should we be worried about the number being homeschooled?

  There are around 150 children being electively home educated in Monmouthshire, which is a number that has grown over time. Parents may choose to homeschool for a variety of reasons, including lifestyle choices and other personal reasons. The Council ensures contact with homeschooling families, providing support and ensuring they can access their own support networks, but does not provide funds or allowances for homeschooling. Sometimes grants are available and learning resources and materials may be provided.

- Does home schooling have an effect on children's social development?

  Whilst homeschooled children are not attending school, many are part of strong networks and social groups, which organise events and activities, allowing children to socialize and participate in educational outings, such as museum

visits. Elective home education is often a conscious lifestyle choice by parents, and the Council aims to ensure these children receive the necessary support.

Chair's Summary:

The Committee would like to keep a watching brief on trends related to exclusions, and to keep an eye on numbers coming in from private school. There is an **action** for the Chief Officer for Children and young People to provide the specific number of home educated children.

We ask the Chief Officer for Children and Young People to highlight to Welsh Government the need to consider the safety and monitoring of home educated children, in line with the imminent change in English legislation **– action** for Chief Officer for Children and Young People).

5. Revenue and Capital Budget Proposals

Cabinet Member Ben Callard delivered a presentation, introduced the report and answered the members' questions with Jonathan Davies, Cabinet Member Ian Chandler, Jenny Jenkins and Tyrone Stokes.

- Are there any caveats on the £2.9 million expected from the Welsh Government?

  Some of the additional funding from the Welsh Government is expected to be earmarked specifically for social care and health. This earmarked funding will offset other funding, allowing redistribution to other services as required. The exact details are still being finalised, but there is confidence in closing the remaining gap without further impact on services or Council tax.

- When will the police and Crime Commissioner's precept be available to the public?

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  The saving is part of a broader strategy to right-size care packages and support people within their communities for as long as possible. The review aims to consolidate existing vacancies without compromising the quality of care or delaying transfers of care from hospitals. The Cabinet Member confirmed they believe it is sustainable without impacting service delivery. Officers added that they are confident in maintaining service levels despite the vacancies, as they have been managing with these vacancies for a considerable time and are changing the way services are delivered.

- What changes are planned for youth clubs in rural areas?

  The plan is to withdraw the standalone rural youth service provision in the South of Monmouthshire and focus on the youth service provision within the four main towns (Caldicot, Chepstow, Abergavenny, and Monmouth). The services required in rural areas will be absorbed by the existing provisions in these towns.

- How successful are we in getting maximum Continuing Healthcare (CHC) funding from the NHS?

  Securing CHC funding remains a challenge, particularly for younger people with mental health and learning disabilities. While there is more success with older people, the process is complex and often involves long-standing disputes. The local authority is actively lobbying Welsh Government to address these challenges.

- Is any of the increased investment in key infrastructure specified for bridge maintenance, particularly the chain bridge?

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- How do we budget for the costs associated with bed blocking and how the social care budget manages these costs, particularly when there are delays in discharging patients from hospitals?

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- Please can you explain what the £46,000 allocated for the Together Works project in Caldicot is?

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- What are the savings related to Welsh language services?

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- How are the savings in Mon Life's budget being achieved, particularly in leisure services?

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- Where are the £110,000 savings for community hubs going to come from and are there any redundancies planned? Is the resulting disservice to the community worth it, as reducing opening hours might negatively impact residents, as these services are crucial for the community.

The Cabinet Member explained that savings will come from reducing the opening hours of the four main hubs (Abergavenny, Caldicot, Monmouth, and Chepstow). There are no changes proposed for Usk and Gilwern hubs. The importance of the services provided by the hubs was acknowledged and it was stated that if the financial situation allowed, there would be consideration given to not reduce the opening hours. However, due to the budget pressures, the savings are necessary, the aim being to manage demand, while bringing a budget saving forward.

- Could the ceasing of insurance for cybersecurity be explained?

  The cybersecurity insurance policy costs just under £100,000 a year and is considered not to represent good value for money. The local authority will self-insure in the event of a data breach, and this decision does not impact the cybersecurity provisions in place, which remain robust and are managed in collaboration with the SRS.

- Does the SRS (Shared Resource Service) has its own insurance for cybersecurity?

  It is unlikely the SRS would be covered specifically for the costs associated with a data breach, as this type of insurance is quite niche.

- Are there plans to extend the opening times of leisure centres to support the trend of increasing memberships?

  Despite the reduced opening hours implemented last year, the leisure centres have continued to see strong growth in memberships. Extending the opening hours would incur additional costs, which would reverse the savings achieved and that there are no current plans to revert to the previous opening hours. Should the financial situation improve, extending the opening hours could be reconsidered, however, given the current budget constraints, maintaining the reduced hours is necessary.

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- Has an Integrated Impact Assessment (IIA) been undertaken for *the withdrawal for the standalone rural youth service provision* in the south of Monmouthshire?

  Yes, Integrated Impact Assessments (IIA's) have been undertaken for all budgetary proposals.

- Are the documents relating to the capital side of the budget available, to detail specific projects like school modernization and infrastructure improvements?

  All the information related to the capital budget proposals is available on the website if there are further questions ahead of the Council meeting, Cabinet Members and officers are available to assist.

Chair's Summary:

The Chair advised that the questions and responses would be summarised and presented formally to the Cabinet, together with the draft minutes of the meeting for the Cabinet meeting on 5th March 2025.

6. People Scrutiny Committee Forward Work Programme and Action List

Councillor Jackie Strong requested 'Age-friendly status for Monmouthshire' be added to the forward work programme, with an invitation to the Older Person's Commissioner. It was felt the Committee should have an oversight of the Council's plans for achieving age-friendly status and actions taken over the past year.

Councillor Laura Wright (Chair) raised mentioned discussing with officers the specifics of what the committee wants to cover regarding Tudor Street and when it should be brought to the committee.

In terms of actions from the last meeting in respect of the Homesearch policy, further information would be sent to the committee.

Councillor Simon Howarth highlighted that the forward work programme had many items listed with unconfirmed dates and requested this be taken up with officers and relevant Cabinet Members to ensure there was a clear direction.

7. Cabinet and Council Planner

This was noted.

8. To confirm the minutes of the previous meeting held on 21st January 2025

The minutes were agreed, proposed by Councillor strong and seconded by Councillor Jones.

9. Next Meeting: 2nd April 2025 at 10.00am
The meeting closed at 12:49

Subject:	**APPROVAL OF A DISCRETIONARY POLICY FOR COUNCIL TAX PREMIUMS**
Meeting:	**Cabinet**
Date:	**5th March 2025**
Divisions/Wards Affected: All	

1. PURPOSE:

1.1 The purpose of this report is to:

- Consider the Discretionary Policy for Council Tax Premiums found in Appendix One.

2. RECOMMENDATIONS:

2.1 That Cabinet use its discretionary powers, under Sections 12A, 12B and 13a of the Local Government Finance Act 1992, to introduce the following additional exceptions:

- Local exception long term empty properties – limited to 6 months
- Local exception long term empty 12 months
- Time limited discretion, as detailed in Appendix One
- Discretionary exception, as detailed in Appendix One

2.2 That Cabinet approve the Discretionary Policy for Council Tax Premiums (which details all locally agreed exceptions) found in Appendix One.

3. KEY ISSUES:

3.1 On 9th March 2023 Council decided to use their discretionary powers, under Section 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014, to charge a council tax premium on both long term empty properties and second homes in the county.

3.2 From 1st April 2024, for long term empty properties a 100% premium applies 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.

3.3 For second homes, it was agreed that a 100% council tax premium would apply.

3.4 On 18th January 2024 Council agreed an exception to exempt self-catering businesses moving from the commercial list to the domestic list from the second home council tax premium for a period of 12 months.

3.5 Council tax premiums have been in place now for ten months. During this time an Appeals Panel has been established to consider requests for exceptions to the

premiums. To date the Appeal Panel have considered 37 appeal requests, 24 of which have been approved.

3.6 From the appeals received and following advice from the Head of the Shared Revenues and Benefits Service, the Appeal Panel have proposed that the Council use its discretionary powers to introduce some further specific exceptions to the council tax premiums.

3.7 The proposed exceptions are detailed in Appendix One and are summarised below as:

Local exception long term empty properties – limited to 6 months
This would apply when a property that has been subject to a council tax premium is sold and the property remains empty. This local exception would apply either until the property is occupied or the 6 months has expired.

Local exception long term empty 12 months
This would apply when a property that has been subject to a council tax premium is sold, the property remains empty and is undergoing major structural works to bring the property back into use. This local exception would apply either until the property is occupied or the 12 months has expired.

Time limited discretion
This short term discretion would allow properties to be brought back into use and would be awarded in limited circumstances, as detailed in Appendix One. Any decision to reduce the council tax premium would be for a maximum of 12 months.

Discretionary exception
This exception would apply in limited, exceptional situations and would allow for the council tax premium to be removed in full if the property is not suitable as a sole or main residence.

3.8 The additional exceptions proposed are aimed at helping people who purchase a long term empty property bring it back into use. Currently anyone who purchases such a property is immediately charged the council tax premium, which potentially hinders their ability to bring the property back into use in a timely manner. The other exceptions laid out in the policy are aimed at supporting diversification and other adhoc unexpected events.

4. Legislation and Guidance

4.1 Section 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014 give Welsh Government Ministers powers to prescribe classes of dwellings for which a council tax premium cannot apply.

4.2 Section 13A of the same legislation also allows a billing authority to determine the particular type and classes of property to which it will or will not apply a premium. Local authorities can use these powers to reduce or disapply a premium.

5. OPTIONS APPRAISAL

5.1 The work of the Revenues Shared Service and the Council Tax Premium Appeal Panel has identified areas that would benefit from a wider discretionary policy. This would allow the Revenues Shared Service to award exceptions in certain specific circumstances rather than requiring a decision from the Appeal Panel. This would help speed up decision making for the ratepayer and reduce administration for the

Shared Service and the Appeal Panel. The drafting of a Discretionary Policy for Council tax Premiums was therefore considered to be the best approach.

6. EVALUATION CRITERIA

- Welsh Government guidance for council tax premiums
- Council Tax and Business Rate data held by our Revenues Shared Service
- Appeals considered by the Council Tax Premium Appeal Panel. Appeals considered to date by the Appeal Panel show a pattern of similar reasons for lodging an appeal. The aim of the Discretionary Policy is to provide the Revenues Shared Service with the ability to award exceptions in certain defined circumstances. This will both improve the administration of council tax premiums and reduce the number of appeal submissions to the Council Tax Premium Appeal Panel. Local Exceptions made under this Discretionary Policy will be reviewed by the Council Tax Premium Appeal Panel on an annual basis.

7. REASONS

7.1 The Revenues Shared Service and the Council Tax Premium Appeal Panel have identified areas where a Discretionary Policy would benefit both the rate payer and the service in administering premiums. Whilst the Policy would take some properties out of paying a council tax premium, the exceptions are consistent with the wider policy objectives of bringing long term empty properties back into use.

8. RESOURCE IMPLICATIONS

8.1 Revenue generated from council tax premiums will be ring fenced to a specific reserve to be used in the future to help address the specific housing needs of the County.

8.2 In introducing these additional exceptions this will reduce the overall revenue generated. However the actual number of properties that would fall into these exceptions is thought to be relatively small and the impact on the budget minimal.

8.3 The introduction of a Discretionary Policy will reduce both the administration of council tax premiums and the number of appeal submissions made to the Council Tax Premium Appeal Panel. This will benefit the ratepayer, the Revenues Shared Service and the Appeals Panel, allowing resources currently spent on preparing detailed submissions to the Appeals Panel to be utilised elsewhere.

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

9.1 The introduction of council tax premiums was aimed at helping to address some of the housing issues the county faces and in doing so contribute to the delivery of Corporate Plan priorities and well-being goals, as set out in the Well-being of Future Generations Act. The proposed Discretionary Policy does not affect this desired outcome.

9.2 An Equality Impact Assessment can be found in Appendix Two.

10. CONSULTEES:

- Cabinet
- Strategic Leadership Team
- Chief Officer for Resources and Deputy Chief Executive
- Head of Finance

11. BACKGROUND PAPERS:

Appendix One: Discretionary Policy – Council Tax Premiums

Appendix Two: Future Generations Evaluation

12. AUTHORS:

Deb Smith – Head of Revenues and Benefits Shared Service

Ruth Donovan – Assistant Head of Finance: Revenues, Systems and Exchequer

13. CONTACT DETAILS:

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Discretionary Policy

Council Tax Premiums

Date	Name of Officer	Version
10 May 2024	Deb Smith Head of Revenues & Benefits Shared Service	V0.1 (Draft)
8 January 2025	Deb Smith Head of Revenues & Benefits Shared Service	V0.1
12 February 2025	Ruth Donovan Assistant Head of Finance - MCC	V0.2

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Council Tax Premium Exceptions

Exceptions to the council tax premiums on long-term empty properties and second homes Sections 12A and 12B of the LGFA 1992, provide Welsh Ministers with powers to make regulations to prescribe 1 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. The regulations prescribe 7 classes of exempt dwellings as detailed below:

Description	Applicable to Second Homes	Applicable to Long Term Empties
Class 1 Dwellings being marketed for sale or where an offer to buy the dwelling has been accepted, time-limited for 1 year	Yes	Yes
Class 2 Dwellings being marketed for let or where an offer to rent has been accepted, time-limited for 1 year	Yes	Yes
Class 3 Annexes forming part of, or being treated as part of, the main dwelling	Yes	Yes
Class 4 Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation	Yes	Yes
Class 5 Occupied caravan pitches and boat moorings	Yes	
Class 6 Dwellings whereby virtue of a planning condition, year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation only or prevents occupancy as a person's sole or main residence	Yes	
Class 7 Job-related dwellings	Yes	

1. Exercising power under Section 12A & 12B (LGFA 1992) to reduce a premium liability.

In exercising the power under section 12A and 12B of the LGFA 1992. A billing authority may determine the types or classes of properties, within the categories of long-term empty properties or second homes, to which it will or will not apply a premium.

The following discretionary exceptions have been agreed.

1.1 Local Exception Second Home – Limited to12 months

Where since premiums were introduced, a self-catering property has moved from the commercial list as:

- It did not satisfy the 252-day available to let and 182-day occupancy requirement.
  And
- Was entered into the domestic list following the introduction of premium charges.

The premium will not be charged for the first 12 months. This exception is effective from 1st April 2024.

1.2 Local Exception Long Term Empty Property – Limited to 6 months

Where a property that has been subject to a premium charge is sold, the new owner will not be required to pay a premium for the first 6 months following the sale if the property remains empty.

The following must be satisfied to allow for this Local Exception:

- There must be a change in ownership on land registry.
- There must be a sale at transactional value registered on land registry.

This Local Exception will terminate if the property is occupied during this time, or the 6 months has expired.

The premium will not be charged for the first 6 months. This exception is effective from 1st April 2025.

1.3 Local Exception Long Term Empty 12 months

Where a property that has been subject to a premium charge is sold, the new owner will not be required to pay a premium for the first 12 months following the purchase if

the property remains empty and is undergoing major structural building works to bring the property back into use.

The following must be satisfied to allow for this Local Exception:

- There must be a change in ownership on land registry.
- There must be a sale at transactional value registered on land registry.
- There must be major structural building works that is supported by evidence.

This Local Exception will terminate if the property is occupied during this time, or the 12 months has expired. This exception is effective from 1st April 2025.

2 Exercising discretion under Section 13a LGFA 1992

Section 13A of the LGFA 1992, allows billing authorities have discretionary powers to reduce council tax liability to such extent as the billing authority thinks fit.

The power can be exercised in individual cases, or by determining a class of cases. The power may be used to reduce council tax liability by any amount, including in circumstances where a local authority may otherwise charge a premium.

Local authorities may use these powers for example to reduce or disapply a premium, and potentially to target the use of premiums.

Some of the examples given by Welsh Government where a local authority might consider exercising discretion are detailed in the **Council Tax on empty and second homes | GOV.WALES**.

Where an appeal is received it will be considered on its individual merits, taking all factors and circumstances into account.

2.1 Time limited discretion

The premium may be reduced for up to 12 months, taking into account the following when making a decision to exercise discretion:

- How long the property has been empty.
- The reason the property has not been brought back into use.
- Is works being undertaken to bring the property back into use.
- Are there any exceptional circumstances affecting the development of the property (insurance/planning/listed buildings etc).
- What works are outstanding.
- The schedule of works.
- Timeframe for completing the works.
- Consider if it would be appropriate to consider financial hardship taking into account the need for properties to be brought back into use

This is a short-term discretion to allow for the property to be brought back into use

2.2 No time limit on discretionary

The premium charge may be removed in full if the property is not suitable as a sole or main residence given the following:

- That it is ancillary to the main property.
- Proximity to the main property (curtilage).
- Location of the property
- Converted out building which are registered under the same deeds.
- Type of utility connections to the property.
- A working farm

The above is not an exhaustive list. There may be other factors that are considered when making the decision to exercise discretion.

If discretion is exercised the conditions surrounding the award will be detailed in the award letter. This would confirm if the conditions attached to the award are not complied with then the discretion will be withdrawn, and the full premium will be payable.

3 Appeal Panel

Where an appeal is received this will be taken forward to the appeals panel for consideration.

The panel will consist of the following officers:

- The Section 151 Officer and/or Head of Finance
- The Assistant Head of Finance
- The Cabinet Member for Resources
- The Head of the Shared Revenues & Benefits Service and/or the Revenues Shared Service Manager

Appeals will be determined within 2 months of receipt of the appeal and all necessary supporting documentation/evidence.

4 Further Right of Appeal to the Valuation Tribunal

There is a further right of appeal direct to the Valuation Tribunal, where discretion has been refused, following an appeal hearing with the authority. When notifying

customers of the outcome of the appeal hearing, information is provided on the further Right of Appeal.

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monmouthshire sir fynwy

Integrated Impact Assessment document

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

Name of the Officer completing the evaluation	**Please give a brief description of the aims of the proposal**
Ruth Donovan **Phone no:** E-mail: ruthdonovan@monmouthshire.gov.uk	Discretionary Policy - Council tax premiums
Name of Service area	**Date**
Revenues	24th January 2025

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	None identified at this stage	None identified at this stage	None identified at this stage
Disability	None identified at this stage	None identified at this stage	None identified at this stage
Gender reassignment	None identified at this stage	None identified at this stage	None identified at this stage
Marriage or civil partnership	None identified at this stage	None identified at this stage	None identified at this stage

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

2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	**Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.**	**What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?**
Socio-economic Duty and Social Justice	The policy would provide some financial relief to those who purchase an empty property in the County. This will help to bring empty properties back into use quicker and allow families to stay together and support each other.		

3. Policy making and the Welsh language.

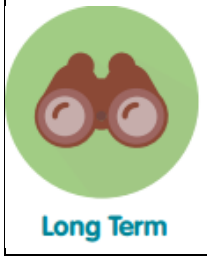
How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favorably	Council tax premiums on long term empty homes help bring properties back into use, allowing families to stay local. This supports Welsh speaking communities by enabling Welsh speakers to remain in their communities, preserving the language and culture. Publicity regarding the Discretionary Policy will be published bilingually.	None identified at this stage	None identified at this stage
Operational Recruitment & Training of workforce	None identified at this stage	None identified at this stage	None identified at this stage
Service delivery Use of Welsh language in service delivery Promoting use of the language	None identified at this stage	None identified at this stage	None identified at this stage

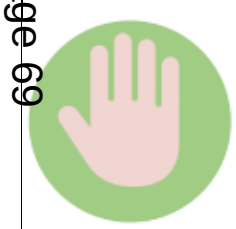
4. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There is no need to put something in every box if it is not relevant!

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: provides some relief to those who decide to purchase an empty property in the County or develop buildings within the curtilage of their main property. The proposed local exceptions support the policy to encourage occupancy and bring empty properties back into use.	The Discretionary Policy will be added to the Council's website to raise awareness of the local exceptions. In allowing the Revenues Shared Service to apply these local exceptions, this will reduce the anxiety of ratepayers and avoid the need for the preparation of extensive papers to support appeal submissions.
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 at this stage
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	No impact	None identified at this stage
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Positive: The Discretionary Policy gives homeowners time to renovate empty properties, which will bring properties back into use, building stronger and more attractive communities.	None identified at this stage
A globally responsible Wales	No impact	None identified at this stage

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
Taking account of impact on global well-being when considering local social, economic and environmental wellbeing		
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 at this stage
A more equal Wales People can fulfil their potential no matter what their background or circumstances	No impact	None identified at this stage

8. 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	Providing local exceptions in certain specific circumstances supports the Council's over riding policy of bring empty and unused properties back into use.	None identified at this stage

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	None identified at this stage	None identified at this stage
Involvement Involving those with an interest and seeking their views	The Discretionary Policy reflects the nature of the council tax appeals received to date and is aimed at making things clearer and easier for ratepayers who purchase an empty property. Views from appeal applicants have been considered in drafting the policy.	None identified at this stage
 Prevention Putting resources into preventing problems occurring or getting worse	The introduction of a Discretionary Policy provides those purchasing an empty property in the County some clarity on what to expect and helps with financial planning. The policy allows the resources of the Revenues Shared Service and the Council Tax Appeals Panel to be better utilised and to focus on more complex appeals.	None identified at this stage
Integration Considering impact on all wellbeing goals together and on other bodies	None identified at this stage	None identified at this stage

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 at this stage	None identified at this stage	None identified at this stage
Corporate Parenting	None identified at this stage	None identified at this stage	None identified at this stage

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

- Appeals to date considered by the Council Tax Appeal Panel
- Information from other councils who have introduced council tax premiums
- Welsh Government guidance
- Council tax and Business Rate data held by the Revenues Shared Service

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:

- Reduces the cost to those purchasing a long term empty property in the County, which will hopefully allow the property to be brought back into use quicker.
- Allows for better and quicker decision making
- Releases Officers time to concentrate on more complex appeals
- Supports the Councils aim of bringing long term empty properties back into use

Negative:

- Reduces the amount of income raised by Council Tax Premiums

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 the Discretionary Policy for Council Tax Premiums is introduced the website will be updated with the Policy details.	Following Cabinet decision	Revenues/Finance
The Revenues Shared Service will use the Discretionary Policy to either award any exceptions or to determine if a submission is needed to the Council Tax Appeal Panel.	Following Cabinet decision	Revenues
The impact of these local exceptions will be monitored and will be reflected in the Council Tax base for the Authority in 2026/27 and will be used to set the council tax budget in the Medium Term Financial Plan	October 2025 to March 2026	Finance

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

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	Cabinet consideration of Discretionary Policy for Council Tax Premiums	TBC	

REPORT

SUBJECT:	**Revenue and Capital Budget 2025/26 – Final proposals following scrutiny and public consultation**
MEETING:	**Cabinet**
DATE:	**5th March 2025**
DIVISION/WARDS AFFECTED:	**ALL**

1. PURPOSE:

1.1. To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 22nd of January in respect of the Capital and Revenue budgets for 2025/26.

1.2. To make recommendations to Council on the Capital and Revenue budgets including the level of Council Tax for 2025/26.

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

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

2. RECOMMENDATIONS:

2.1. That Cabinet considers the responses to consultation and recommends to Council:

a) The 2025/26 revenue budget as attached in **Appendix B**.

b) The 2025/26 capital budget and indicative 2026/27 to 2028/29 budgets as attached in **Appendix H.**

2.2. That a 7.8% increase in the Band "D" equivalent Council Tax is applied for County Council purposes for 2025/26. Cabinet asks that efforts continue to be maximised to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them.

2.3. That Cabinet approves changes to proposed saving and pressures, updated following public consultation, scrutiny and more up to date information being made available since the draft proposals were released on consultation on 22nd January 2025.

2.4. That Cabinet considers the Responsible Financial Officer's report on the robustness of the budget process and adequacy of reserves issued under the provisions of the Local Government Act 2003 and an assessment of the current and future financial risks facing the Council.

2.5. That Cabinet adopts the Responsible Financial Officer's recommendation for the prudential Indicators for capital financing.

2.6. That Cabinet requests:

a) That the existing arrangements in place for more regular budget monitoring and scrutiny continue during 2025/26, noting the levels of cost pressure being accommodated by services, and the deliverability risk in achieving required budget savings.

b) That the Medium Term Financial Plan continues to be updated and reported regularly, using the most up-to-date information available to assess cost pressures and risks, the underlying modelling assumptions, any service changes resulting from the programme of change, and the ongoing affordability implications of the Community and Corporate Plan.

KEY MESSAGES

Key frontline services will see increases in funding with Education increasing by 11.3% and for Social care & health by 10.6%
This includes an **additional £1m investment in local school budgets** to meet the demands that schools are facing in restoring attendance levels and standards following the pandemic period. This investment is above meeting in full all pay and pension related pressures in schools
There will continue to be a focus on tackling inequalities and to protect the most vulnerable in our society. This means **support for additional learning needs provision will increase**, as will the investment in **specialist resource bases for children and young people** helping them stay in their local schools
Cabinet have resolved to **invest in our Foster carer service** to retain and recruit valued carers and to recognise their essential skills, patience, time, and the resources that it takes to support some of the most vulnerable children in our County
Whilst hard choices have had to be made to protect services, **the services that are available to residents this year will be available in 2025/26**. Waste collections will remain the same. Leisure centres, recycling centres, libraries and community hubs are all remaining open

Total additional capital investment of £2.3m will be made within some of our key infrastructure, predominantly around **Highways structures, carriageways, footpaths, public rights of way, and our property estate**
The Cabinet are committed to protecting our local environment and nature and will **be increasing investment in Flood alleviation measures**, and continue to review our property estate and energy usage **to reduce our carbon footprint**
Cabinet have listened to and reacted to the feedback from residents and key stakeholders
Cabinet have listened to feedback on the proposal to change the opening hours at four community hubs and reacted accordingly. The proposed changes will not be taken forward at this time. The consultation process highlighted the importance and value placed on these facilities within our communities and highlighted the ancillary impact these changes may have on the wider provision of Council services.
Welsh Government's final budget provides a minimum funding floor of 3.8% for Monmouthshire
Monmouthshire will benefit from further funding of £1.54m from this floor being put in place
A package of specific grant announcements totalling £70m for local government responsibilities across Wales was also made
This funding aids in meeting the specific challenges in providing local services in a rural County such as Monmouthshire, and will go a long way towards being able to continue to protect the most vulnerable members of our community
To partly fund the increased investment in key services noted above, there will be changes to the way some things operate and a need to increase income
The final budget includes £5m of service savings and efficiencies. This helps to reduce costs wherever possible and to ensure the Council is operating as efficiently and effectively as it can
Income will be increased through an increase in council tax for County purposes of 7.8% and through specific charging for on-demand services to manage the increased demand and cost of our services
A cumulative impact assessment has been produced that supports the final budget which enables us to assess the overall potential impact of the budget on residents within our communities, and where any negative impact can possibly be mitigated

4. BUDGET CONTEXT

4.1. Local Government across the UK continues to face significant financial challenges. It is widely acknowledged that for many years funding has not kept pace with the increased demand for services and increases in the cost of provision. 2025/26 will be no different.

4.2. The Council has seen continuing headwinds which are having a severe impact upon the service operating environment:

- The wider socio-economic landscape and cost of living challenges continue to have an impact on our communities, with a consequential increase in demand for Council services, and impact upon income generating services. This particularly impacts the service areas of Children's Social care, Adult social care, Homelessness, and Children's additional learning needs.
- Wider public sector challenges continue to impact upon Council services, notably within Health where efforts to improve patient pathways impact upon the level and complexity of demand for Social care.
- Whilst headline inflation has fallen, some discrete areas of Council services continue to experience cost pressures on supplies and services, alongside supply chain issues.
- In continuing efforts to combat inflation, interest rates have remained high, with revised forecasts suggesting that they will remain higher for longer than previously anticipated.
- The Council continues to deal with a shortage of staff resources in some specific areas.

4.3. All the above results in a growing need for supportive Council services, a reduced demand for income generating services, increased risks around debt recovery, and a continued high-cost operating environment.

4.4. This ultimately leads to difficult decisions needing to be made to prioritise services most vital to our communities, whilst ensuring the Council continues to operate in a financially sustainable and safe manner.

4.5. Cabinet published their budget setting process and timetable at their meeting on the 16th of October 2024. This highlighted an initial budget gap of £11.4m, which was made up of gross expenditure pressures of £15.5m, offset by modelled increases in funding of £4.1m from Council tax and fees and charges for services, alongside a standstill in the level of Welsh Government core grant funding.

4.6. The draft budget published in January updated this position based on refreshed data, with revised additional cost pressures projected for 2025/26, compared to 2024/25 of £23.7m, or 11% of the Council's budget. This will be the third successive year that the Council has needed to tackle gross expenditure pressures of £20m+. Whilst the Council has in the past regularly dealt with financial challenges in the order of £5m - £10m in an annual planning cycle, the level of sustained increase in demand for high-cost services continues to put a strain on the Council's finances

4.7. Cabinet's draft budget proposals looked to meet these pressures through:

Reduction in energy costs	£0.7m
Increased income from Fees and charges	£0.7m

National insurance funding	£3.3m
Increased in income through grant	£5.1m
Service savings and efficiencies	£5.1m
Increased income from Council tax	£5.9m

4.8. At draft budget stage there remained a £2.86m budget gap that would need to be resolved to set a final budget. Cabinet indicated their intention to purposefully engage with Welsh Government around the need for a minimum funding settlement (a funding floor) to meet a significant proportion of this gap.

5. FINAL SETTLEMENT

5.1. The provisional settlement from Welsh Government received on 11th December 2024 provided an indicative funding increase of 2.6% for 2025/26, set alongside an all-Wales average increase of 4.5%, and introduced a year-on-year increase of £5.1m of funding to the Council, when adjusted for specific grant transfers.

5.2. Welsh Government published its final budget on the 20th February 2025 and alongside it the final settlement for local authorities in Wales. The budget and final settlement contained the following key changes:

a) A guaranteed 3.8% funding floor for all local authorities, at a cost to Welsh Government of £8.24m. This will increase funding available to nine local authorities – Monmouthshire, Powys, Gwynedd, Vale of Glamorgan, Flintshire, Pembrokeshire, Ynys Mon Ceredigion and Conwy. Monmouthshire will benefit from further funding of £1.54m from this floor.

b) A package of specific grant announcements totalling £70m for local government in Wales:

- An extra £30m for childcare, which will ensure funding for the Flying Start programme to deliver childcare to two-year-olds across Wales. The hourly rate will also be increased to £6.40 an hour to further support childcare providers.
- £30m more for social care to target delayed hospital discharges and provide more care and support in local communities to prevent people being admitted to hospital unnecessarily.
- £5m to improve playgrounds and play facilities for children.
- An extra £5m to support leisure centres to be more energy efficient.

5.3. The full details of the £70m of specific grant announcements, including individual Council funding allocations and the terms and conditions relating to use of grant is still awaited. This funding may provide an opportunity to further support service cost pressures or mitigate existing budget risks, however, at the current time is excluded from the final budget outlined in this report.

5.4. No further changes to funding levels are anticipated beyond those noted above. Should any changes arise, these will need to be considered as part of the Council Tax resolution when it is considered by Full Council on 6th March 2025.

6. BUDGET CONSULTATION

6.1. Given the nature and extent of the cost pressures faced for 2025/26 and the broad range of budget savings proposals being proposed, Cabinet reached out and purposefully engaged with a wide range of different interest groups and communities within Monmouthshire. The feedback received has been considered and addressed in the final budget.

6.2. The Council's engaged with over 650 people across 15 stakeholder sessions that included:

a) Delivering a number of countywide drop-in events throughout the consultation period;

b) Reaching out and consulting with town and community councils and with business representatives and forums;

c) Holding a number of targeted consultation events with groups who were keen to engage in the consultation process (e.g. MyMates, School Council representatives);

d) Engaging with the school budget forum, Head Teachers and School Governors

6.3. Beyond the direct engagement held with residents, key stakeholders and interest groups, a letter was sent out to other stakeholders to signpost them to the consultation on the draft budget proposals and in offering them to provide feedback or to meet if required.

6.4. A dedicated budget section on the Council's website signposted members of the public to accessible information about the draft budget proposals along with ways to engage in the process. A budget survey was also available and to allow feedback on the proposals to be rated and commented upon.

6.5. Beyond the direct and targeted engagement outlined above, three digital engagement sessions were held which, despite attracting lower numbers than in previous years, generated a good level of scrutiny and challenge. Members of the public were also able to pre-submit questions in advance of these events. The budget survey was by far the most popular means by which the wider public engaged in the consultation process with 243 responses received.

6.6. The proposals were also scrutinised by the Performance and Overview Scrutiny Committee, People Scrutiny Committee, Place Scrutiny Committee and the Joint Advisory Group (JAG).

6.7. **Appendix A** outlines the feedback received throughout the consultation process. In summary this positioned itself in the following areas:

a) The majority of respondents to the budget survey agreed with the individual savings proposals being considered. However, there was disagreement in respect of the changes proposed to community hubs; with the proposed increase in car parking fees; and with the

proposed reduction in staffing to the Monmouthshire specialist teacher team. The disagreement to the changes to community hubs was similarly echoed in public consultation events, stakeholder engagement, and during member scrutiny.

b) A significant number of residents raising concern about the level of council tax increase proposed, especially in light of cost of living pressures being experienced in households. However, there was also a recognition that the choices available to the Council were limited in the face of significant cost and demand pressures for services that directly support the needs of residents.

c) Concerns were raised regarding the level of teaching support provided within schools generally, but also specifically for targeted support for pupils with additional learning needs.

d) Clarification on the number of compulsory redundancies, particularly to frontline services was sought.

e) A number of comments were made about the realistic deliverability of service savings, particularly within social care given the pressurised operating context.

f) Queries were raised about the proposed changes to youth services across the County and how this would impact the ability to access the services throughout various parts of the County.

g) Clarification was sought about the proposal to remove some ICT support provision at a time when Cyber based threats were increasing across large organisations.

h) Comments were raised about condition of the extensive highways network across the county and the need to improve infrastructure for residents.

i) Concerns raised around continued pressure on services such as in education, social care, with operational frontline services, and for children with additional learning needs.

j) Finally, clarification was sought on how the remaining budget gap was going to be resolved and whether this would result in further service changes that had not been consulted upon.

7. FINAL REVENUE BUDGET

7.1. After review, reflection and consideration of feedback received, and taking into account new and updated information available, it is recommended that the following revisions are made to the revenue budget proposals:

<u>Change in service savings:</u>

- Cabinet have listened to feedback on the proposal to change the opening hours at four community hubs and reacted accordingly. The proposed changes will not be taken forward at this time. The consultation process highlighted the importance and value placed on these facilities within our communities and also highlighted the ancillary impact these changes may have on the wider provision of

Council services. A fuller review of the service will be carried out in due course to establish if the service is working in the most effective way for our residents. This change reduces overall service savings by £110k.

- The latest forecasts for energy usage and costs based on advice from the Council's purchasing consortium indicates that savings are estimated to be £157k less than previously modelled at draft budget stage.

Change in service pressures:

- The anticipated pressure of £236k relating to the indicative reduction in Housing & Homelessness related grants has been removed following confirmation in the final settlement that these have been transferred into the settlement at existing (2024/25) values.

Funding changes

- The Council's final settlement has introduced further grant funding of £1.54m as a result of the funding floor put in place by Welsh Government.

- The Council has received indicative allocations of funding under the Extended Producer Responsibility ("EPR") scheme for packaging which have been jointly developed on a four nations basis. The Welsh Government's intention is that the funding from the EPR scheme for packaging to cover the costs of managing packaging waste should be additional to the funding Authorities have previously received via the Local Government Settlement. This is intended to unlock additional investment to improve recycling against the 70% minimum statutory target and support wider action as a key part of the action to decarbonise and grow the green economy. This provides additional funding of £4.8m that will support the existing Waste service and cover additional improvements to service delivery to maintain Monmouthshire's excellent recycling rates. Therefore, there is a corresponding increase in Waste pressures of £2.678m, and a transfer to a Waste risk management reserve to manage resultant service pressures over the medium term.

Other changes

- The modelled increase in Teacher's pay from September 2025 has been increased from 2.8% to 3.1% based on latest available data. This has increased cost pressures by £247,000.

- A contingency budget of £850k has been established to mitigate some of the budget risks identified within this report. In particular the funding risks associated with National insurance increases and the EPR scheme, alongside the potential for the final level of pay awards and service cost pressures to be greater than anticipated. The establishment of a contingency budget was recommended as part of the approved medium-term financial strategy as a measure to enhance the Council's financial resilience and budget flexibility.

- Capital financing budgets have been reviewed in light of updated economic data, and capital programme progress and have been supported by independent treasury advice. This results in a reduction in cost pressure of £513k.

- The South Wales Fire and Rescue service have given notification of their final levy for 2025/26 of £6,143,347. This is £80k less than anticipated in draft budgets.

- The Police and Crime Commissioner for Gwent has given notification of their final precept level for 2025/26 of £18,324,800. This is £230k more than anticipated in draft budgets. As the Council acts as the precepting body on behalf of the Police, this variation does not impact the Council's overall budget position.

- Community Councils have given notification of their final precept levels for 2025/26 of £3,963,956. This is £356k more than anticipated in draft budgets. As the Council acts as the precepting body on behalf of Community Councils, this variation does not impact the Council's overall budget position.

7.2. The table below illustrates the movements from draft to final budget and subsequent to public consultation, scrutiny and more up to date information being made available:

Budget Reconciliation	**Amount £'000**	**Amount £'000**
Draft budget proposals – (Surplus) / Deficit		**2,861**
Change in service savings:		
Removal of Community hub saving	110	
Energy cost saving reduced	154	
		264
Change in service pressures:		
Waste services pressures added	2,678	
Housing & Homelessness grant pressure removed	(236)	
Budget contingency added	850	
		3,292
Update to core WG funding		(1,544)
Specific grant changes		(4,527)
Teachers pay award assumption		247
Reduction in capital financing costs		(513)

Clarification of final fire levy		(80)
Final budget proposals – (Surplus) / Deficit		**0**

BUDGETARY RISK

7.3. The key risks remaining to be assessed and managed in 2025/26 and as yet unknown are:

- The **deliverability of budget savings proposals** represents an ongoing risk for 2025/26, especially where the budget proposals involve the generation of income, changes to current structures, systems and processes, consideration of alternative delivery models or have implications for service design involving community, other partners and entities. The most recent monitoring report for this year's budget shows an anticipated 78% delivery of £10.9m of savings and therefore a resultant deficit that has needed to be managed as part of in-year budget recovery action taken.

- **Demand for Council services remains high** and is particularly acute within social care with an increasing elderly population, and increasing complexity in the required levels of care which are increasing costs significantly. The need for continued and robust monitoring is essential to ensure that there is cost control and continued efforts are made to refrain from non-essential spend.

- **Final notification of specific grant funding streams**. There are still some specific grant streams that the Council relies upon, that have either not yet been communicated, have been received late in the budget process or where the impact of notifications is awaiting further clarification. Any funding shortfalls will need to be managed on a case-by-case basis.

- The most significant grant risk is the Extended Producer Responsibility funding within Waste. The final award is not expected to be confirmed until the end of Summer 2025, and given this is a new funding stream, there remains risks around the quantum of funding and in determining the expected operational delivery outcomes that need to be delivered.

- **Pay awards** - Uncertainty will remain around the pay awards for local government staff and teaching staff. Actual pay awards will not be confirmed nationally by independent pay bodies until later in 2025 and therefore further consideration might need to be given in-

year to adjust pay budgets at that time. Whilst the pay award assumptions factored into the budget are set at a level which is seen as prudent, there remains an unknown risk of the effect of the wider economic and political landscape as we move through 2025.

- **Employer's national insurance contributions** – There remains a risk that the quantum and allocation of funding to support Councils is insufficient to meet the additional costs incurred directly within the Council's workforce, and indirectly through increased costs of commissioned services.

7.4. In light of the above risks, the strengthened financial governance arrangements will continue through 2025/26 to provide assurance that robust arrangements are in place to deliver on service savings, and to respond to any circumstances where further budget pressures might require additional mitigation or savings to be brought forward.

2025/26 REVENUE BUDGET AND INDICATIVE FUTURE BUDGETS

7.5. The proposed revenue budget for 2025/26 and indicative budgets for 2026/27 to 2028/29 are shown below.

Services	Adjusted Base Budget 2024/25	Final Base Budget 2025/26 £000's	Indicative Base Budget 2026/27 £000's	Indicative Base Budget 2027/28 £000's	Indicative Base Budget 2028/29 £000's
Learning, Skills and Economy	65,118	72,486	73,831	75,206	76,652
Social Care & Health	68,196	75,404	75,517	75,955	76,399
Infrastructure & Place	26,695	25,440	29,917	30,068	30,333
Customer, Culture and Wellbeing	8,205	8,622	8,611	8,654	8,727
Resources	8,284	8,446	8,532	8,623	8,716
People, Performance and Partnerships	3,259	3,400	3,425	3,465	3,515
Law & Governance	2,875	3,050	3,274	3,148	3,199
Corporate Costs & Levies	29,764	29,147	38,122	47,736	57,754
Sub Total	**212,396**	**225,994**	**241,227**	**252,856**	**265,294**
Transfers to reserves	833	2,483	718	743	769
Transfers from reserves	(1,748)	(775)	(516)	(341)	(341)
Capital financing costs	8,423	9,076	10,119	10,699	11,044
Total Expenditure Budget	**219,904**	**236,778**	**251,548**	**263,957**	**276,767**
Aggregate External Financing (AEF)	(126,019)	(135,248)	(137,007)	(138,240)	(139,760)

Council Tax (MCC)	(72,582)	(78,626)	(81,732)	(84,960)	(88,316)
Council Tax (MCC Premium)	(755)	(615)	(640)	(665)	(691)
Council Tax (Gwent Police)	(16,940)	(18,325)	(19,049)	(19,801)	(20,583)
Council Tax (Community Councils)	(3,608)	(3,964)	(3,964)	(3,964)	(3,964)
Sub Total Financing	**(219,904)**	**(236,778)**	**(242,391)**	**(247,630)**	**(253,315)**
(Surplus)/Deficit	**0**	**0**	**9,157**	**16,328**	**23,452**

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

7.6. Indicative budgets for the 2026/27 to 2028/29 period are modelled using a range of budget assumptions for pay and employer pension contributions, future Welsh Government funding increases and council tax increases (for modelling purposes only).

7.7. Importantly, there is provision of £7.5m per annum currently made within the medium-term financial plan for modelling purposes, reflective of the trend in service pressures developing annually over recent years, over and above the approved budget. This is represented in the table above by the increase in Corporate Costs and Levies over the period.

7.8. The use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform is modelled to be reversed gradually over the above period in order to return to a more financially sustainable position.

7.9. It is clear from current modelling that the challenge over the medium term remains a significant one with a £23.45m budget shortfall projected to be managed over the next three years.

7.10. The ongoing financial challenges remain as always, a dynamic situation. Work continues to shape the wider programme of service change that will include an ongoing assessment of key service pressures, the risks and modelling assumptions that sit alongside this, with the aim to establish a clear plan and approach to address the medium-term budget shortfalls forecast. The next iteration of the Medium term financial plan will be considered early in 2025/26 and post the UK Government Spring budget.

THE ROBUSTNESS OF BUDGET PROCESS AND RESERVES

7.11. Cabinet have again reaffirmed in their budget planning framework for 2025/26 that there is a need to progress the Council on a path towards financial sustainability including conserving an appropriate and prudent level of financial resilience. The framework established the principles for general and earmarked reserve use.

7.12. ***Council Fund:*** The level of the Council Fund reserve stood at £10.4m at the start of 2024/25, excluding delegated school balances. This represented 5% cover as a proportion of the Council's 2024/25 net revenue budget.

7.13. The final revenue budget proposals for 2025/26 do not include any use of the Council Fund reserve to balance the budget in line with the budget planning framework agreed by Cabinet. If the current reserve level is maintained, subject to outturn, this will represent 4.85% of net revenue budget for 2025/26. Crucially, the 2025/26 budget creates a budget risk contingency which will sit alongside the Council fund as a measure of de-risking the overall budget.

7.14. The focus therefore turns to the uncertain economic outlook and future financial challenges facing the Council, and where the Council Fund and any budget contingency can help mitigate unknown impacts, such as those identified as budget risks earlier in this report.

7.15. ***Schools reserve balances:*** School balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure.

7.16. The decline in school balances from the healthy surplus at the beginning of 2022/23 of £6.95m to the latest forecast deficit of £6.1m by the end of 2024/25 is of concern.

7.17. Whilst a significant amount of investment was enacted by schools in the immediate aftermath of the pandemic period to recover, it remains clear that the inherent structural budget deficits that led to a significant number of schools being in deficit over recent years remain.

7.18. It is currently anticipated that twenty-four (69%) of the Council's thirty-five schools will be in a deficit balance by the 2024/25 year-end. Those schools forecasting to end the 2024/25 financial year in deficit balance have brought forward recovery plans that are being considered by officers and Cabinet.

7.19. It is clear from these budget recovery plans that it will take schools a considerable amount of time to fully recover deficit balances, and that in addition to the £1m further investment in schools within this budget, the Council will need to take assessment of this financial risk within medium term financial planning.

7.20. ***Earmarked reserves:*** The final budget includes planned use of earmarked reserves in support of one-off revenue and capital expenditure of £775k. Earmarked reserve use is only planned to meet one-off costs and in line with a specific reserve's intended purpose and use.

7.21. Set alongside this is a planned contribution to earmarked reserves of £2.5m. The majority of this relates to specific funding streams for Council tax premiums and Waste risk management which will have strict criteria over their future use. Nevertheless, this will result in a welcomed increase in overall reserve levels to aid in balance sheet strength and resilience.

7.22. **Appendix E** shows the individual planned use and contribution to reserves for the 2025/26 budget and the reserve balances projected over the medium term.

7.23. Over the medium term overall earmarked reserve levels are projected to remain stable. However, it should be noted that Monmouthshire's overall reserve cover as a percentage of net revenue budget is currently the lowest in Wales[1] and therefore requires the reserves policy to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks. Improved budget management and discipline going forward will need to ensure that in-year over spends are quickly identified and to the extent they cannot be mitigated for in-year savings to be found.

7.24. ***Capital receipts:*** Useable capital receipts are forecast to reduce to minimal levels by the end of 2028/29 based on usage modelled within the current capital and revenue MTFPs, alongside the forecast future receipts.

7.25. Useable capital receipts provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has needed to make use of this flexibility since 2019/20, and plans to extend this support for 2025/26, after which time it will gradually be reversed over the medium term.

7.26. The continued use of capital receipts for revenue purposes is recognised as a necessary approach to support the Council to transition itself on to a more sustainable financial footing. However, this is not a sustainable approach in itself and has the added consequence of requiring the Council to fund any further and future capital investment through prudential borrowing where it cannot be met from other sources.

7.27. Under the provisions of the 2003 Local Government Act, the Responsible Financial Officer has to provide conclusions on the robustness of the budget process and the adequacy of reserves. Those conclusions are shown at **Appendix G**. The RFO opinion also includes an acknowledgement of the risks taken into account in producing the budget proposals for 2025/26 as well as those budgetary risks that will need to be managed going forward in the medium term.

7.28. The effect of Cabinets revenue budget recommendations is shown at **Appendix B**. The effect of Cabinet's capital recommendations is shown at **Appendix H**. Final Council Tax and budget setting is reserved for decision of Full Council on 6th March 2025.

CAPITAL BUDGET

7.29. In the current climate of financial constraint, capital investment needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand.

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

7.30. The current Capital programme is impacted by the same external factors affecting the revenue budget. Some discrete areas of inflation, supply chain issues and internal resourcing capacity means that current capital budgets are being delayed or deliver less for the same amount of budget.

7.31. The Welsh Government capital settlement provides an increase in respect of core general funding of £540,000 for 2025/26, alongside a further funding commitment to enable Councils the ability to fund further borrowing to support Highways capital pressures. No changes were made as part of the final settlement.

7.32. The draft capital budget proposals were released on consultation by Cabinet on January 22nd. A small number of 100% grant funded schemes have been added to the final budget, but otherwise there have been no substantive changes from the budget proposed at draft stage.

7.33. There is potential that further borrowing headroom may be announced during the year which will increase the funding made available to support Highways capital pressures. If this materializes it will be directed towards investment to rectify damage to carriageways and structures from the recent storm damage.

7.34. The Summary Capital MTFP is shown in **Appendix H**. Whilst the core capital programme is being sustained and sees planned investment in the most urgent issues in the Council's infrastructure, there still remains a considerable number of backlog pressures that sit outside the core capital programme that have varying levels of risk associated with them.

7.35. 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.

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

7.37. The capital receipts summary below shows the expected level of receipts and planned usage, and highlights the balances available in the next few years. Future investment in capital schemes, is in part dependent on future success of achieving capital receipts and there remain risks attached to some receipts materialising over this period.

Forecast Useable Capital Receipts	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	£000	**£000**	**£000**	**£000**	**£000**
Balance as at 1st April	9,984	4,877	3,217	1,412	307
Less: capital receipts used for financing	(1,556)	(230)	(50)	(50)	(50)

Less: capital receipts used to support capitalisation directive	(3,744)	(3,708)	(2,358)	(1,358)	0
Capital receipts Received	91	0	0	0	0
Capital receipts Forecast	103	2,278	603	303	0
Forecast Balance as at 31st March	**4,877**	**3,217**	**1,412**	**307**	**257**

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

THE PRUDENTIAL CODE

7.39. Under the Prudential Code, local authorities are required to publish Prudential Indicators produced to demonstrate that capital programmes are prudent, sustainable and affordable in the longer term. The indicators for 2025/26 to 2028/29 are contained at **Appendix I** to this report, assuming eventual Council approval of Cabinet's budget and Council Tax recommendations.

8. OPTIONS APPRAISAL:

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

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

9. EVALUATION CRITERIA:

9.1. The means of assessing whether the final budget proposals for 2025/26 have been successfully implemented is undertaken throughout the year via regular budget monitoring and periodic reports to Cabinet and then through Scrutiny committees. Given the financial risks facing the Council budget monitoring will continue to be strengthened in 2025/26, including the monitoring and evaluation of budget savings being implemented. This is being achieved through the ongoing review and assessment being undertaken by the Financial Management Board as well as periodic targeted review of service areas that carry budgetary risk.

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

10. REASONS:

10.1. To make appropriate recommendations to Council on the revenue and capital budgets for 2025/26, and the resultant Council Tax recommended to be set for County purposes, taking into account the public consultation and scrutiny process in January and February.

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

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

11. RESOURCE IMPLICATIONS:

11.1. As identified within the report and appendices.

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

12.1. Where a budget proposal could alter a service, or the way it is delivered an Integrated Impact Assessment needs to be completed. This identifies the potential impact on the national well-being goals and the ways of working enshrined in the Well-being of Future Generations Act. It also considers the people and groups who possess the protected characteristics specified in the Equality Act 2010. We also evaluate the potential impact on those experiencing socio-economic disadvantage as well as the effects on the Welsh language.

12.2. The Council built considerations of equality, diversity and sustainability into the planning and delivery of its 2025/26 budget. It has done this by:

- Requiring officers to undertake an Integrated Impact Assessment of individual savings proposals that could alter a service, or the way it is delivered. Where necessary this evaluation has been updated to reflect the final budget proposals.

- Producing an overall impact assessment for the budget proposals. This was published as part of the budget consultation. The assessment has been updated where necessary following consultation to reflect recommended changes in service savings and pressures.

12.3. This has allowed us to assess the overall potential impact of the budget on people within the County. It is recognised that the proposals will affect different groups of people in different ways.

12.4. Given the funding constraints facing Local Government, it is inevitable that this has identified some negative impacts on some groups of people. The nature of the services the council provides means that almost any change to a council service will have a socio-economic impact. For example, disabled people will be more likely to use social services and people on lower incomes will be more affected by increased fees and charges. These are set out in more detail in **Appendix D**.

12.5. Conducting the assessment alongside the development of the budget has allowed us to identify actions that mitigate the potential negative effects of our proposals on vulnerable people and households on the lowest incomes. It also highlights the anticipated positive effects of increasing expenditure on certain groups. This helps to offset some of the negative effects. Changes to the impact assessment have also been made as a result of the consultation and final budget, for example with the effects on older people and national well-being goals being lessened as a result of the recommendation being made not to proceed with proposed changes in community hubs.

12.6. Once the final budget is agreed by Council in March, service areas will carry out work to mitigate, manage and monitor any impacts identified. Where proposals are subject of subsequent decisions, it is expected that further Integrated Impact Assessment will be undertaken at that time.

CONSULTEES:

Cabinet
Strategic Leadership Team

BACKGROUND PAPERS:

a) Directorate Budget builds, detailed capital programme and associated papers
b) Draft revenue budget proposals, draft capital budget proposals – released on consultation by Cabinet on 22nd January 2025
c) Provisional & Final Local Government Settlements
d) The CIPFA Prudential Code for Capital Expenditure

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Appendices:

A Overview of Council budget consultation process and feedback
B Revenue budget summary
C Changes in service savings and pressures between draft and final budget
D Cumulative impact assessment

E	Use of reserves for budget purposes and forecast reserve balances
F	Revenue budget service groupings
G	Responsible Financial Officers Opinion
H	Capital Budget Summary
I	Prudential Indicators
J	Capital and treasury management strategies 2025/26
K	Final Settlement Data and Specific Grants 2025/26 (All Wales)

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Y GYLLIDEB
BUDGET 25/26

BUDGET PROPOSALS

CONSULTATION ANALYSIS

monmouthshire
sir fynwy

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This document displays the results of the Budget Consultation Survey conducted between 23rd January 2025 and 22nd February 2025.

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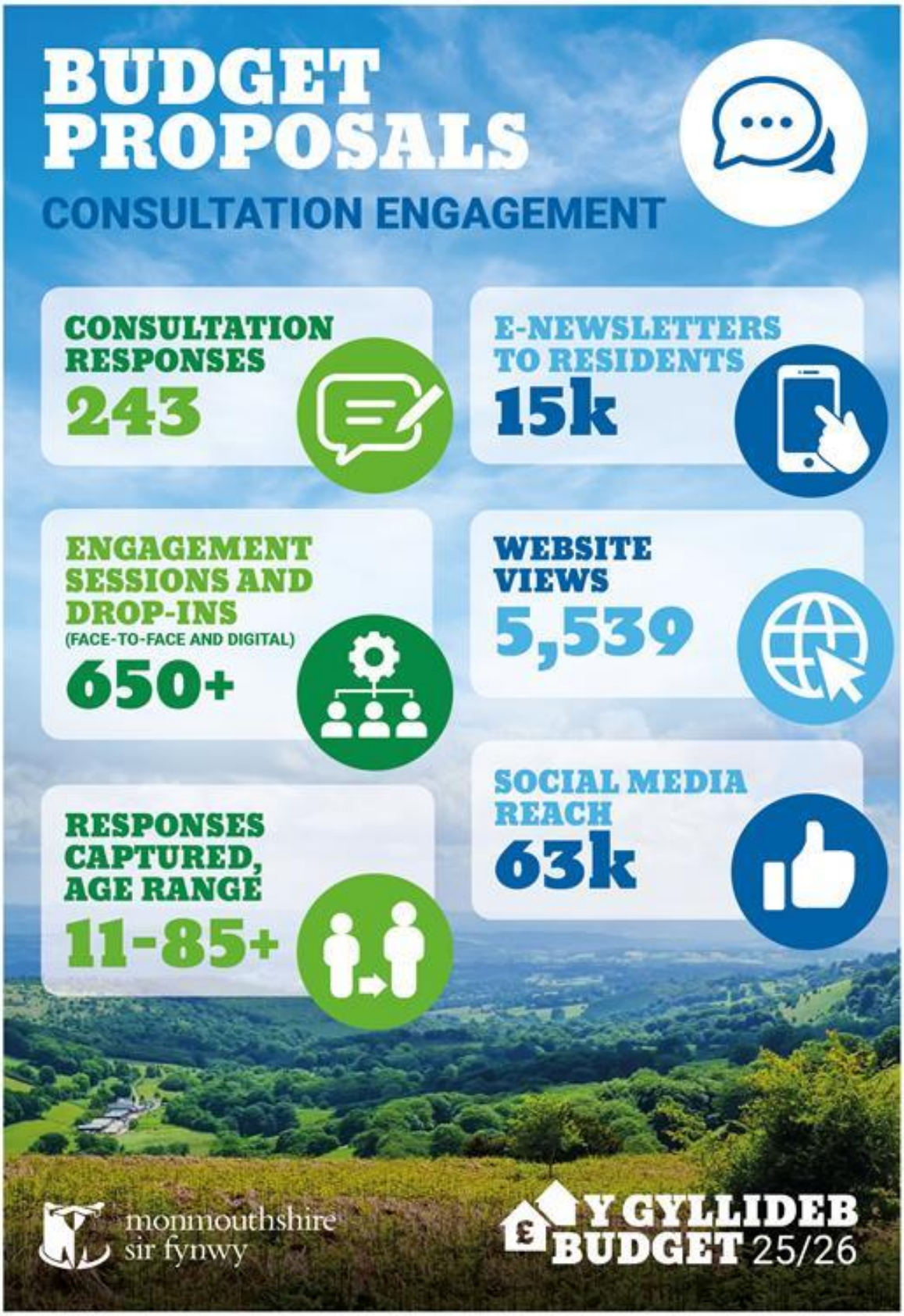
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E-NEWSLETTERS TO RESIDENTS
15k
ENGAGEMENT SESSIONS AND DROP-INS
(FACE-TO-FACE AND DIGITAL)
650+
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5,539
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63k
RESPONSES CAPTURED, AGE RANGE
11-85+
monmouthshire
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Y GYLLIDEB BUDGET 25/26

Scrutiny & Stakeholder Engagement

Monmouthshire County Council - Performance and Overview Scrutiny Committee

The Performance and Overview Scrutiny Committee provided feedback to the Cabinet regarding the Revenue and Capital Budget Proposals, addressing various issues and concerns. The Committee scrutinised the report, emphasising important matters for the Cabinet Member's consideration. Key topics discussed included proposals to redesign the Hub's opening times, how the council is minimising redundancies, the impact of teachers' pay awards, and changes to national insurance. Committee members also inquired about the budget gap and questioned what actions the Cabinet is taking in negotiations with the Welsh Government to address this issue. Cabinet members confirmed that if the additional funding from these negotiations does not cover the budget gap, the council will explore other income streams and does not anticipate increasing council tax further. Other subjects included how schools manage their budgets, potential options for the Borough Theatre, and support for the business community. The Committee also raised concerns regarding the authority's confidence in managing the budget, especially given the cost pressures arising due to increasing demand levels.

Monmouthshire County Council – Place Scrutiny Committee

The committee posed various questions and comments to the cabinet members who attended the Place Scrutiny meeting. The topics discussed included the review of car parking and proposed fee increases, the proposal to transition the youth service to a more sustainable model, and its potential impact on rural areas. Concerns were raised regarding changes to Old Tintern Station. Additionally, there were comments about the council's proposal to make changes to our ICT security provision. An extensive discussion took place regarding the proposal to redesign the opening hours of the Community Hubs. A discussion was held regarding the varying increases in social care charges and their effects on services.

Monmouthshire County Council – People Scrutiny Committee

The committee raised questions regarding the £2.9 million funding gap, the timing and administration of the Police and Crime Commissioner's precept, and the management of the social care budget. There are also inquiries about how car parking fees will be reinvested and the potential savings related to Welsh language services. The committee also questioned the shortfall in MonLife's budget and proposed savings from the staffing review within home care teams. Other discussions included changes planned for youth clubs in rural areas, the council's success in obtaining CHC funding from the NHS, and the investment in key infrastructure, including bridge maintenance. Concerns were expressed about reducing some ICT security provision, savings related to community hubs, and the impact of reduced opening hours on residents. Finally, there were questions about extending leisure centre opening times to support their strong performance.

Digital Engagement Sessions (x4)

Digital engagement sessions were conducted at various times during the consultation period. These included three public forums and one session specifically for council officers. After a presentation by Councillor Ben Callard, Cabinet Member for Resources, participants could ask questions in a Q&A format. Comments and questions were raised regarding the

council tax increase and the support available for residents struggling to afford the new rates. Others questioned the need to change the hub's opening times and emphasised the importance of protecting its vital services. Additionally, participants raised questions about budget allocations within education. All sessions were well attended.

Public engagement drop-ins

Drop-in sessions saw engagement across the county. These sessions raised awareness of the consultation and allowed residents to raise questions on things that may impact them. Concerns were raised around the proposal for Hubs opening times and redesigning of the service, with residents praising the vital services they offer. Other discussions were seen around the schools' budgets and the county's social care and health provision.

School Governing Bodies

Cabinet Member for Resources, Cllr Ben Callard, provided a presentation on the Budget 2025/26 proposals. Cllr Callard presented information on all directorates, bringing attention to the Learning, Skills and Economy directorate information. The proposals included that all pay, pension and national insurance pressures will be met and an additional £1m will be invested in schools to help address the deficit balances.

School Headteachers

Following an introduction presentation by Cabinet Member for Resources, Cllr Ben Callard, headteachers from across Monmouthshire were provided an opportunity to give feedback and raise questions. Comments were made about the difficult times schools are seeing financially, and questions were raised if the council could provide more support. Some suggestions of additional support were for supply teacher costs to be centralised within the council budget. A question was raised about whether moving out-of-county Additional Learning Needs provision made sense financially. Other comments were made about council tax and whether different bands could be looked at. Whether council tax could be raised for the wealthier residents of Monmouthshire to support the less wealthy.

Secondary School Student Council

Cabinet Member for Resources, Cllr Ben Callard, met with King Henry VIII 3-19 School students to discuss the budget proposals and to hear what students saw as important issues for them. Questions from students were varied, covering topics from voting age and engagement of young people to issues more specific to Abergavenny, such as littering, leisure centre upkeep and the new Henry VIII school, which students will soon be moving into. Students present were from a variety of age groups from years 7 to the sixth form.

Town and Community Councils

Following an introduction presentation by Cabinet Member for Resources, Cllr Ben Callard, Town and Community Council representatives provided feedback and raised questions about the budget proposals. Issues about flooding, potholes, and inefficient traffic light management were raised, emphasising the importance of visible improvements to local infrastructure. The discussion highlighted the challenges of increasing health and social care costs, with concerns about future funding and the need for long-term strategies to manage

these expenses. Participants discussed the difficulties in balancing the budget, particularly in protecting essential services like waste recycling and leisure centres, while considering a council tax increase to support these services. Questions were raised about the management of council-owned land and buildings, with calls for better use or disposal of unused properties to generate revenue and reduce liabilities. The impact of pay inflation on the budget was discussed, with plans to manage vacancies and potential redundancies to control costs while maintaining essential services.

My Mates

Cabinet Members for Social Care, Safeguarding and Accessible Health Services, Cllr Ian Chandler, along with MCC officers, met with representatives from My Mates to discuss updates regarding the council's Draft Budget for 2025/26.

Cllr Chandler provided an overview of the current consultation process and opened the floor for questions and feedback. Two main topics emerged from the discussion: the importance of support for carers; the need for reliable public transport and linked to this the importance of having the right support networks in place (both formal and informal) helping people to live as independently as possible in their own homes. The support people felt was important included access to clubs and social activities; access to volunteering and work opportunities and help with daily living.

Support for carers is crucial, as these individuals help residents access valuable resources and information that enable them to live independently. This support also boosts residents' confidence in managing their finances and encourages them to engage in various experiences within the local community.

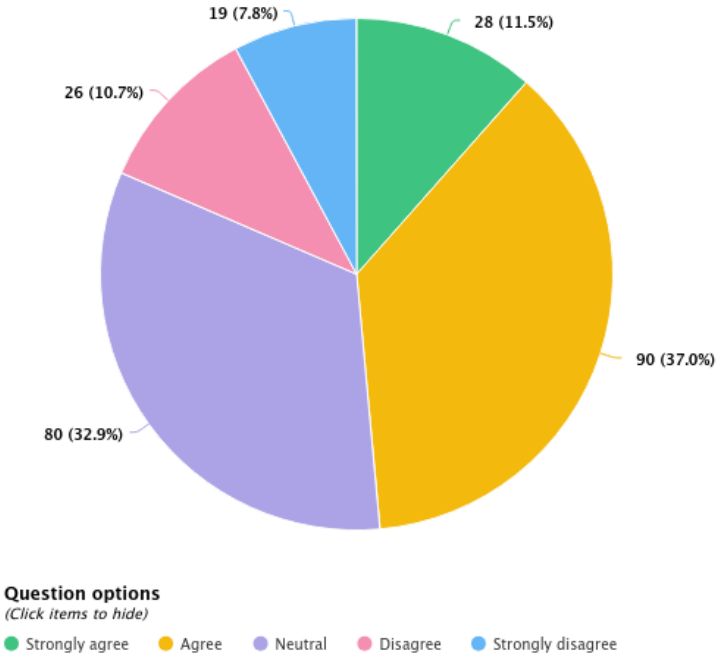
Public transport plays a vital role in allowing residents to carry out everyday tasks, attend planned events, and enjoy outings. However, participants noted that delays and cancellations of local transport services can hinder these activities.

Joint Advisory Group

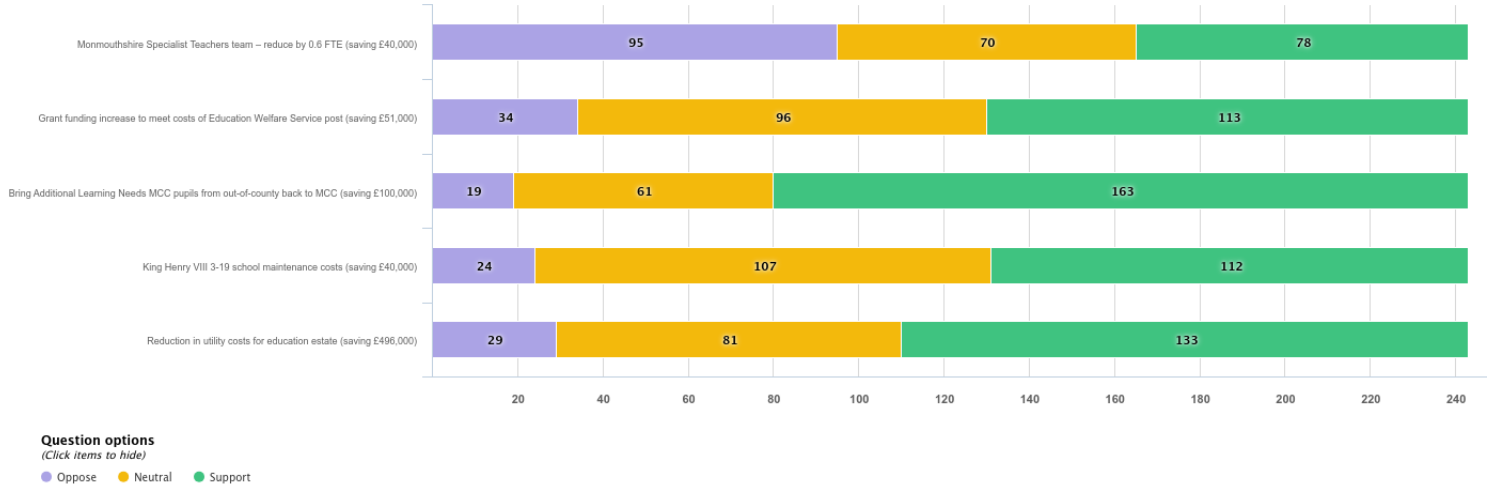
The Joint Advisory Group held a meeting where Trade Unions had the opportunity to discuss the Draft Budget Proposals with Cabinet Members and Council officers. The Cabinet Member noted that there were minimal redundancies contained within the draft budget proposals and that where possible this would be managed through natural turnover in the first instance. Additionally, officers noted that a Cumulative Impact Assessment had been completed to evaluate the effects of the budget on different household types and income levels, as well as the impact on groups with protected characteristics as identified by the Equality Act. Mitigating actions were considered as part of the proposals wherever possible.

Learning, Skills and Economy

Do you agree with the proposals to the Learning, Skills and Economy directorate?



Please let us know which of the Learning, Skills and Economy budget proposals you support or oppose.

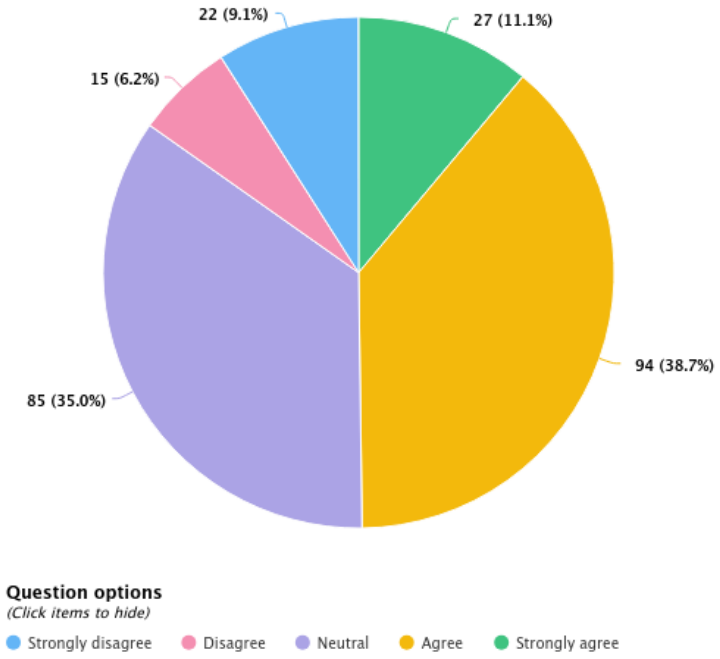


Is there anything else you would like us to consider within the Learning, Skills and Economy directorate?

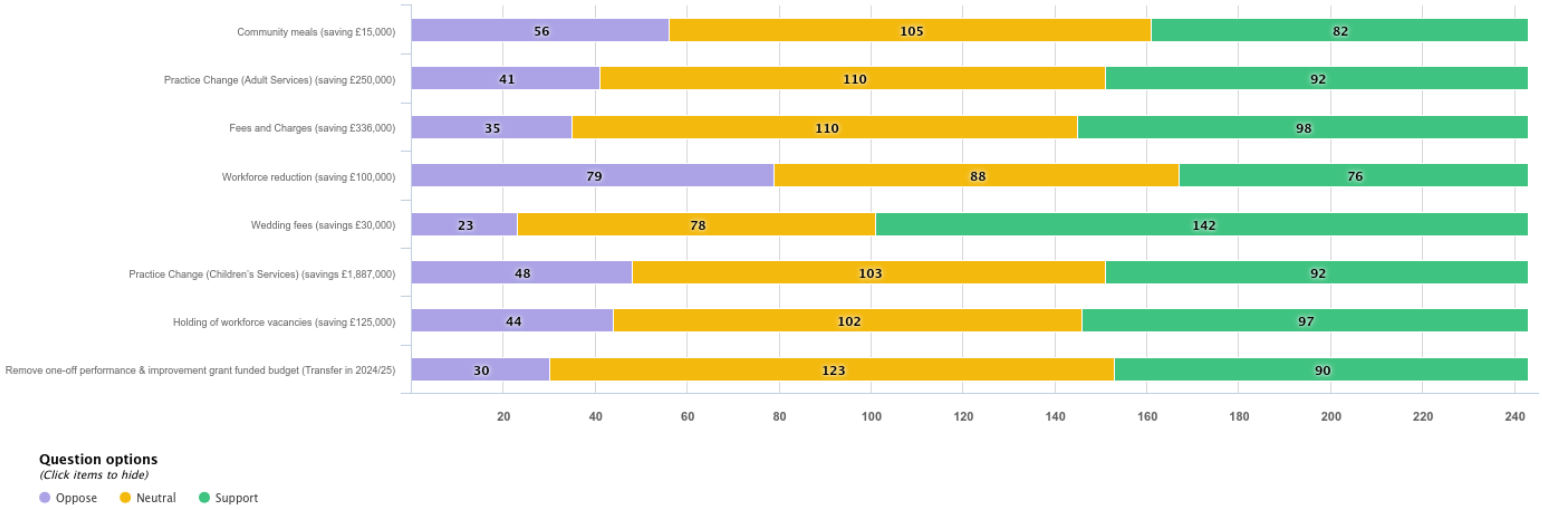
The comments in the Learning, Skills and Economy cover a wide range of topics related to education and budget concerns in Monmouthshire. Many comments highlight the inadequate support for ALN children and the need for more resources and specialist teachers; this was raised further by the proposal 'Reduce 0.6 FTE MoSTS (Monmouthshire Specialist Teachers) team'. Some comments suggest that digitalisation could save administrative costs in the long term. There are also concerns about the cost of maintaining small schools. There is a call for more efficient use of funds, especially in areas like teaching quality and estate maintenance. There are general concerns about the overall increase in the budget, the impact of further cuts to school budgets, and the need for more efficient decision-making.

Social Care & Health

Do you agree with the proposals for the Social Care and Health directorate?



Please let us know which of the Social Care and Health budget proposals you support or oppose.

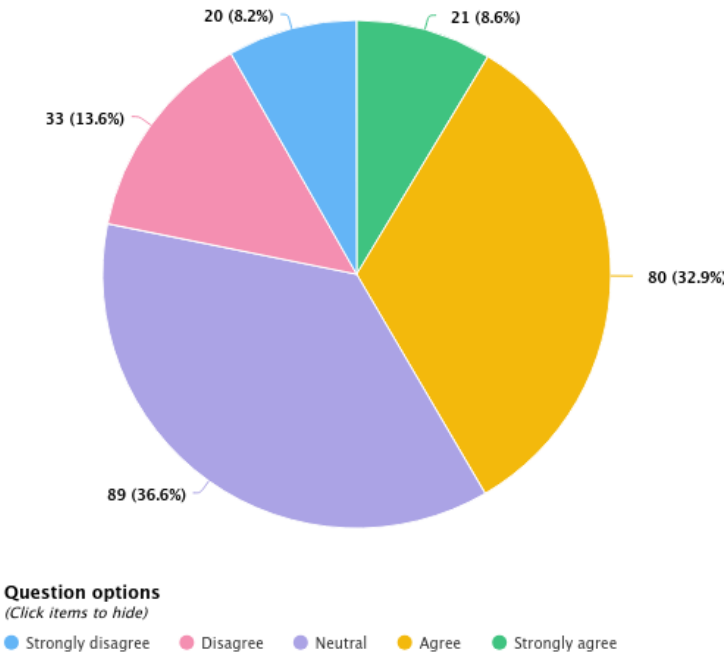


Is there anything else you would like us to consider within the Social Care and Health directorate?

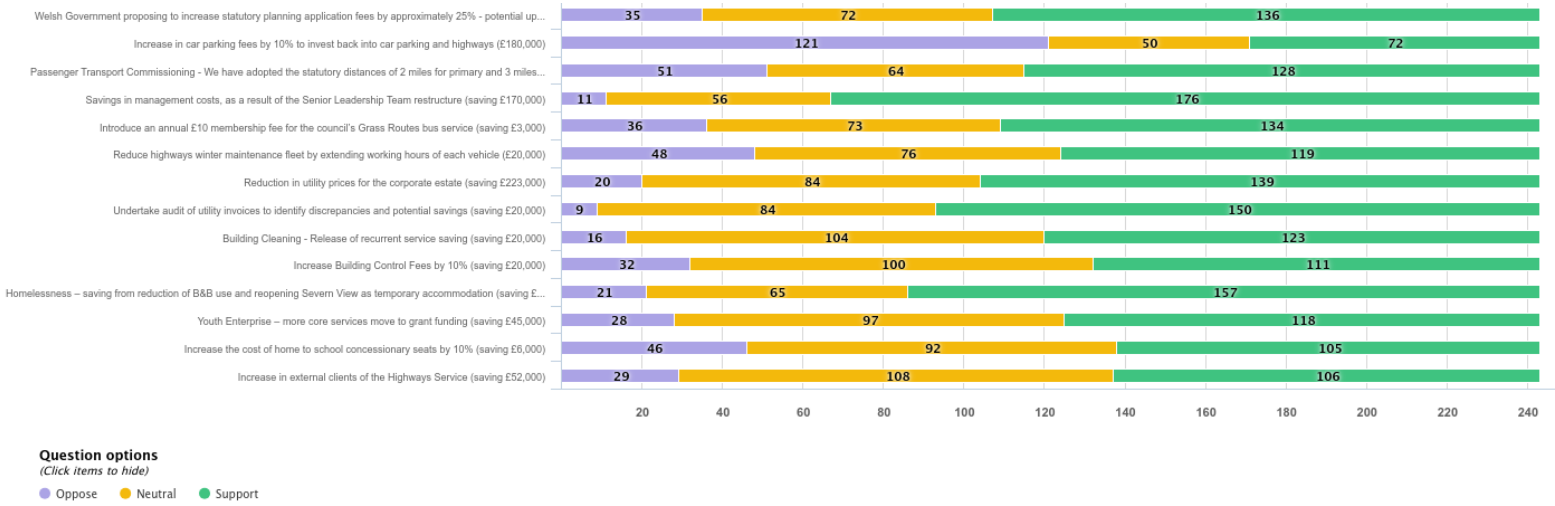
The Social Care and Health comments cover a wide range of topics. Comments emphasised the importance of increasing funding for social care and not making cuts, highlighting the essential role of social care in keeping people out of hospitals. A few comments mention the need for greater efficiency and better management by administrators. Concerns about the feasibility and impact of specific savings include the Children's Services saving and practice change for adult services. There are comments about the fairness and sustainability of council tax increases and the need for national solutions for social care costs.

Infrastructure and Place

Do you agree with the proposals for the Infrastructure and Place directorate?



Please let us know which of the Infrastructure and Place budget proposals you support or oppose.

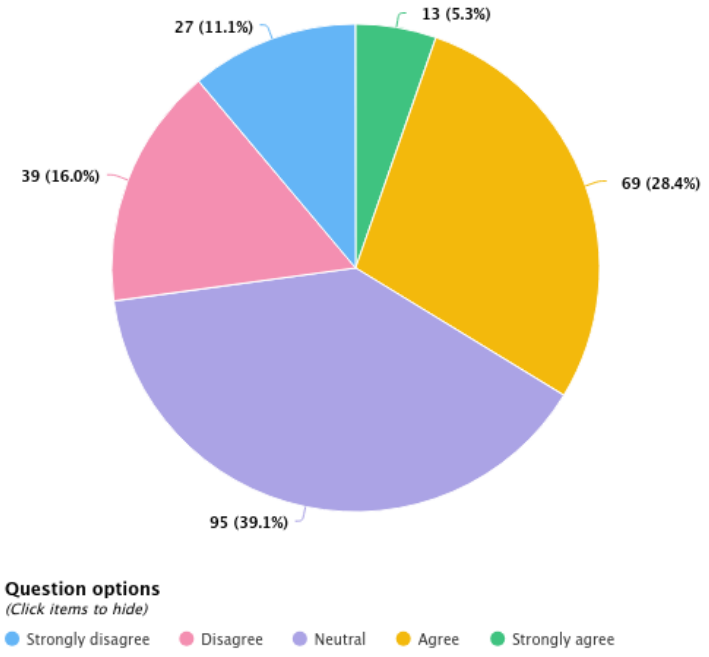


Is there anything else you would like us to consider within the Infrastructure and Place directorate?

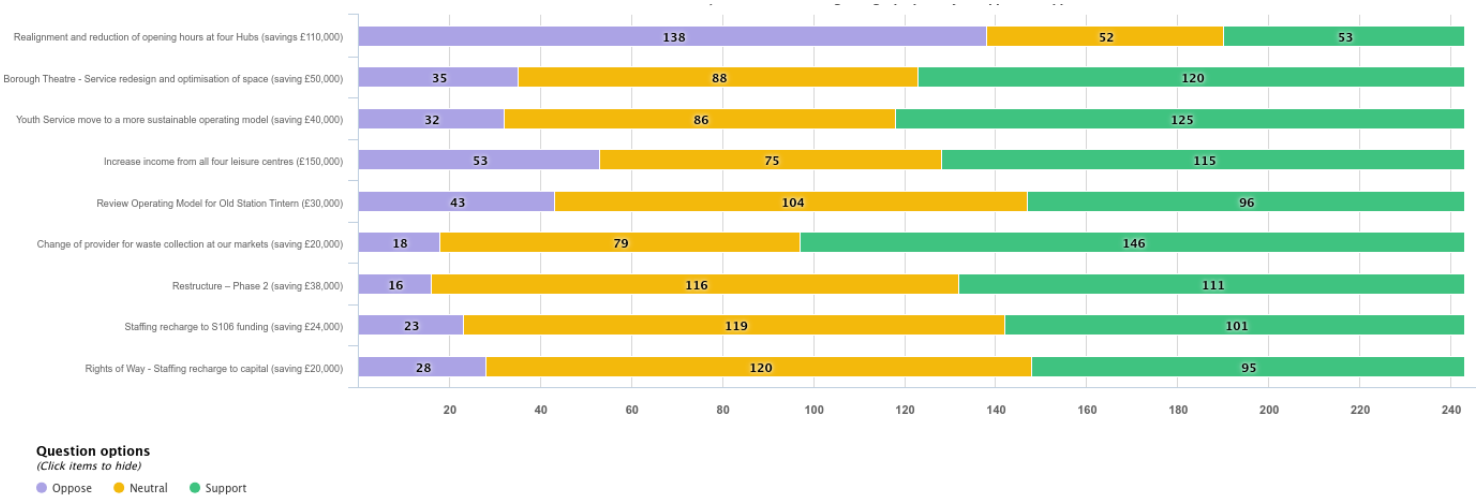
The Infrastructure and Place comments cover a wide range of topics. Concerns are raised around the impact and fairness of car parking fees increase. Several comments highlight the need for better road maintenance and efficient use of resources. Comments suggest improvements in waste collection efficiency and reduced costs associated with waste services. Comments showed mixed opinions on reusing buildings for homeless services and the impact on local communities.

Customer, Culture and Wellbeing (MonLife)

Do you agree with the proposals for the Customer, Culture and Wellbeing directorate?



Please let us know which of the Customer, Culture and Wellbeing budget proposals you support or oppose.

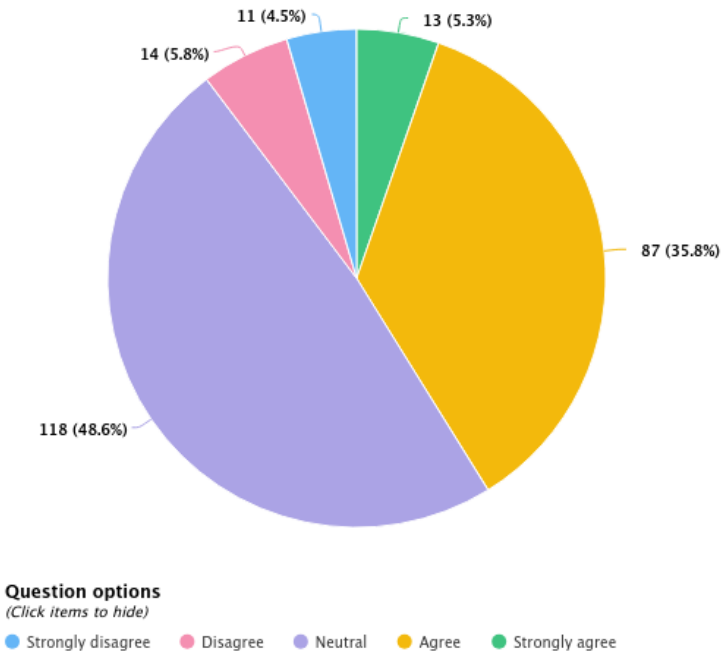


Is there anything else you would like us to consider within the Customer, Culture and Wellbeing directorate?

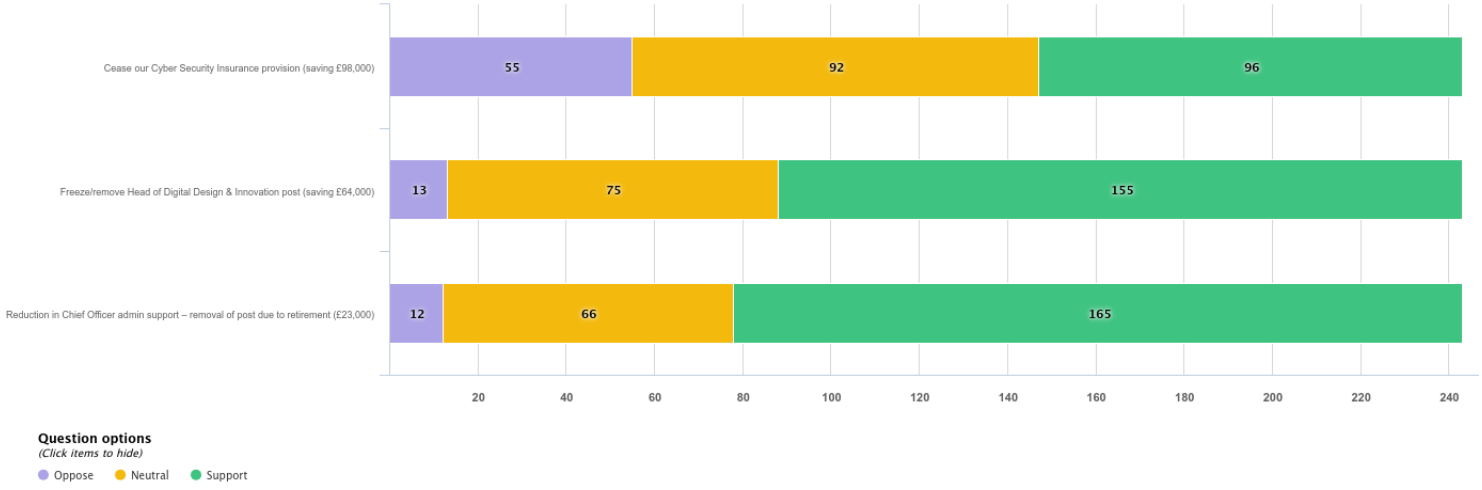
Comments within Customer, Culture and Wellbeing highlight the importance of community hubs and libraries to residents and the potential consequences that may arise from the proposal to realign and reduce opening hours. Many comments made around the important services available at hubs, and opening hours across the county should reflect the local needs. Comments oppose changes that may negatively affect Old Tintern Station, highlighting its significance as a leisure area and a source of revenue. There are concerns about the adverse effects of reducing leisure centre hours, with suggestions to extend hours to serve the community better and increase revenue.

Resources

Do you agree with the proposals for the Resources directorate?



Please let us know which of the Resources budget proposals you support or oppose.

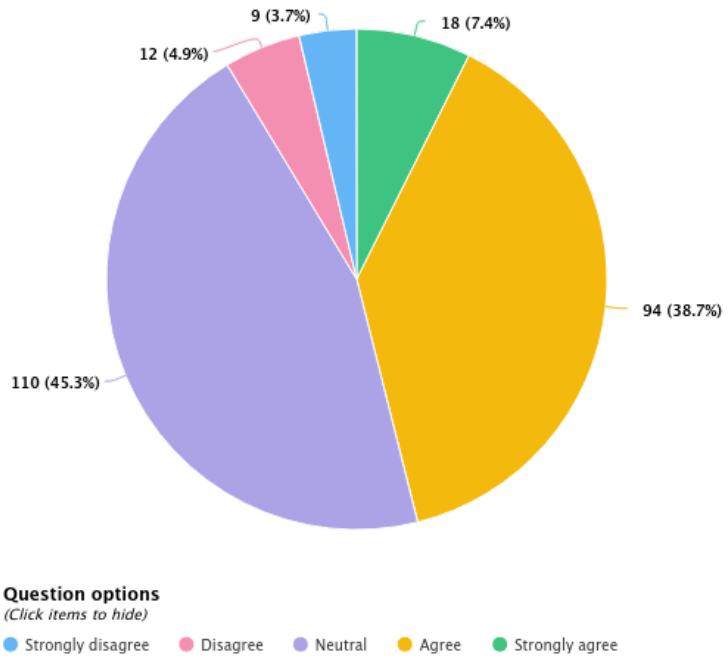


Is there anything else you would like us to consider within the Resources directorate?

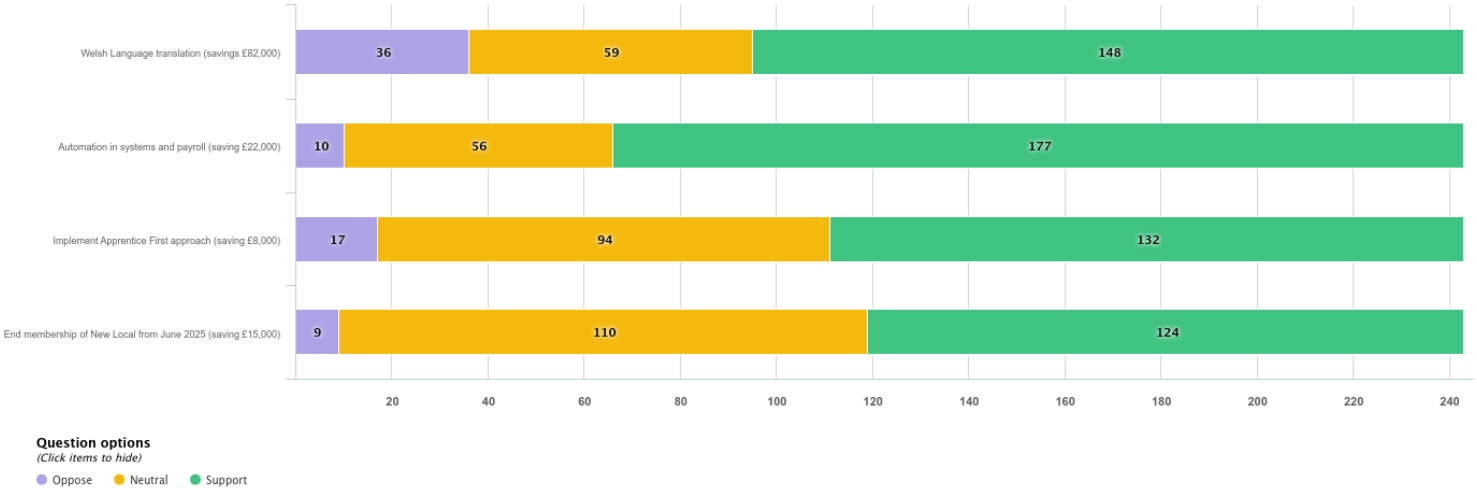
The comments within Resources raise concerns around reducing ICT security provision, with concerns around the increasing threat of attacks and the potential risks of not being insured. Comments were made around organisation structure and merging directorates.

People, Performance and Partnerships

Do you agree with the proposals for the People, Performance and Partnerships directorate?



Please let us know which of the People, Performance and Partnerships budget proposals you support or oppose.

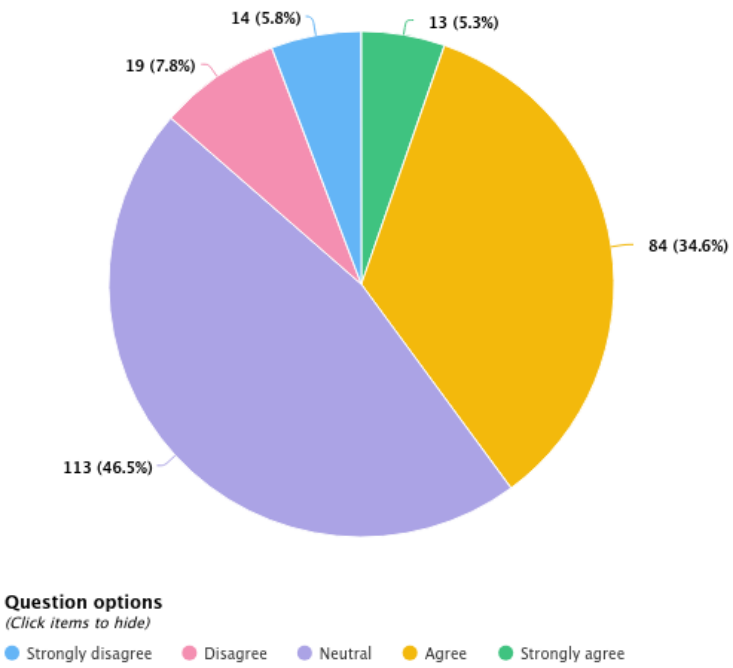


Is there anything else you would like us to consider within the People, Performance and Partnerships directorate?

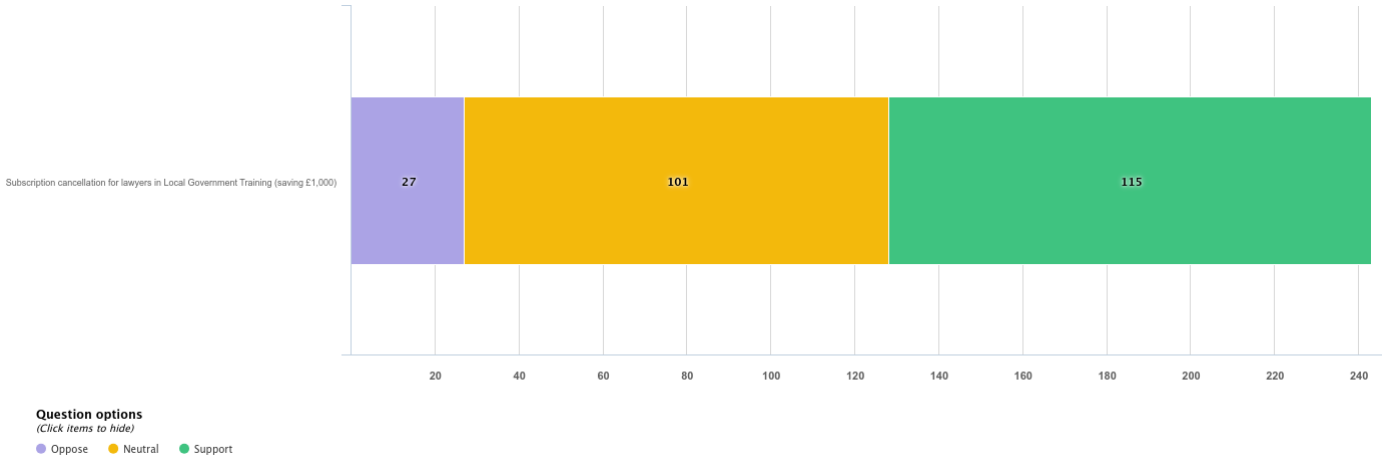
There are mixed views on the importance of Welsh language services. Some comments suggest that the council's response should be proportionate to the Welsh language demand within Monmouthshire. Others feel that Welsh translations should be optional and paid for by those who want them. There are also strong opinions on promoting the Welsh language. Some comments question the value of membership to the New Local to groups and organisations within the county. There are comments on the need for better support for adults in the area, the importance of having people sort things out when automation goes wrong, and the user-friendliness of switchboard services.

Law & Governance

Do you agree with the proposals for the Law and Governance directorate?



Please let us know if you support or oppose the Law and Governance budget proposals

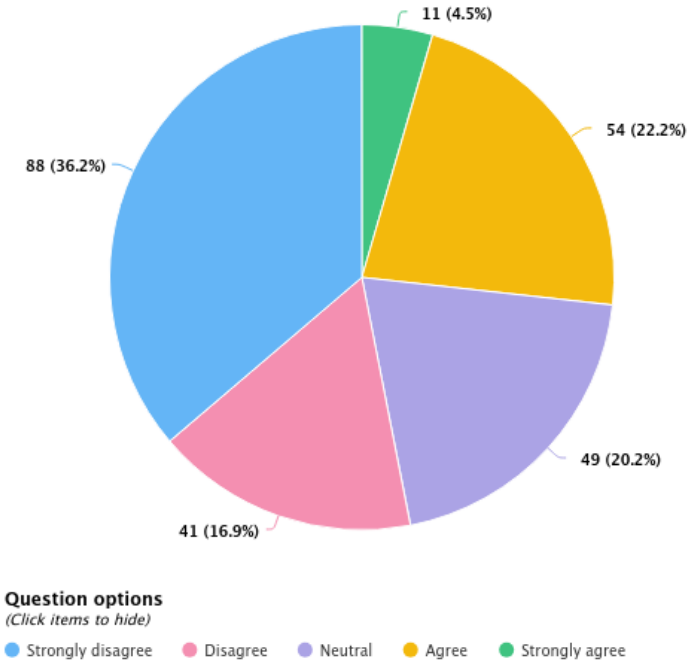


Is there anything else you would like us to consider within the Law and Governance directorate?

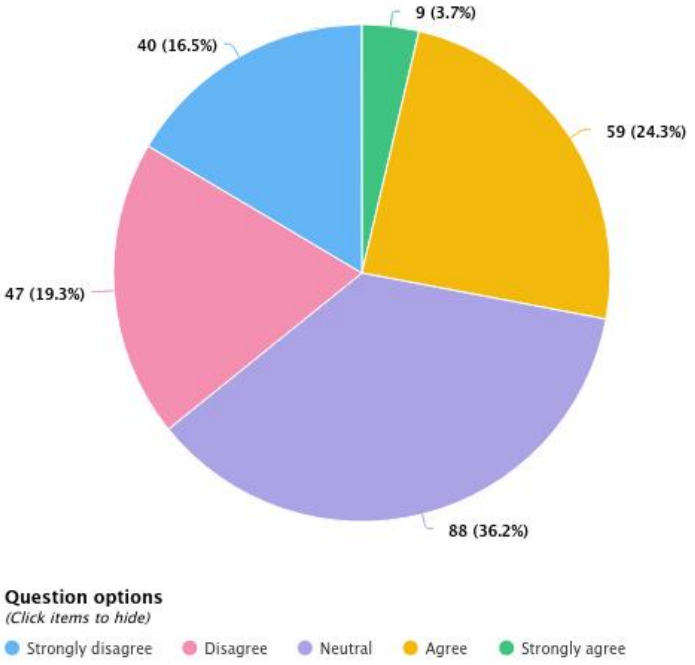
Within Law and Governance, comments are made around efficiency and the need to outsource or collaborate with other local authorities to save costs. Some comments also question the minimal savings in certain areas despite having large budgets.

Overall Budget Proposal Summary

Within the 2025/26 Draft Budget Proposals, the Council proposes to increase the Council Tax by 7.8%. Do you agree?



Do you agree with the overall draft budget for 2025-2026?



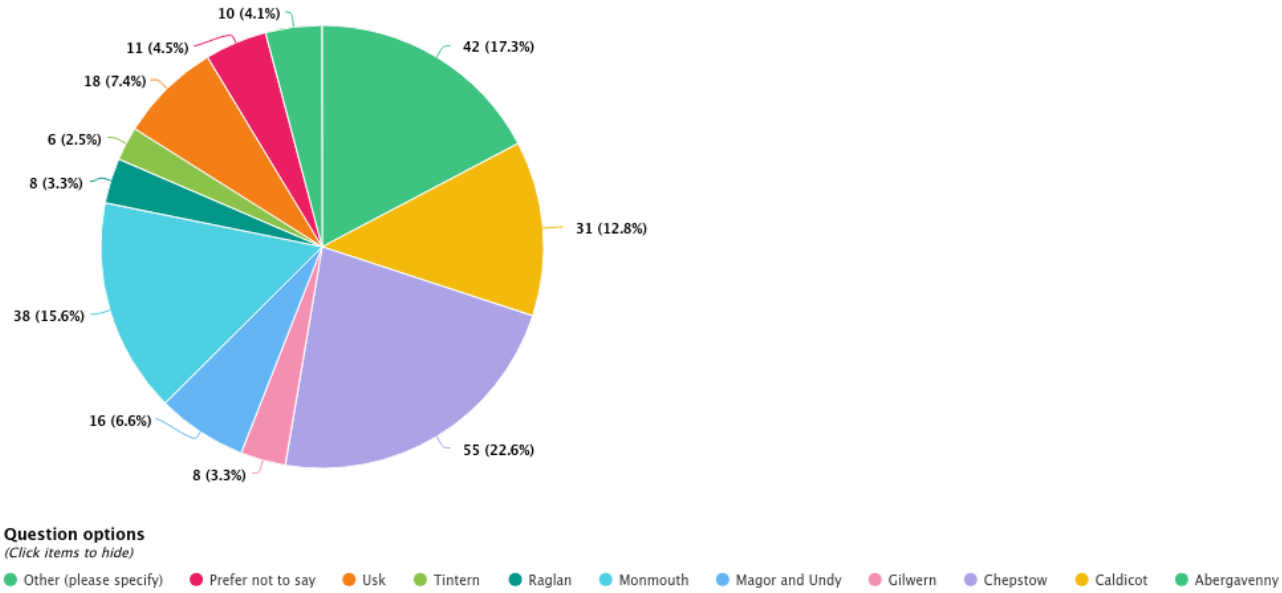
Please provide us with any further comments you'd like us to consider as part of the draft budget for 2025-2026.

The comments cover a range of concerns and suggestions from residents regarding council tax increases and service provisions. Several comments highlight the impact of inflation on pensions and the struggle to afford council tax increases. Many residents express concerns about cuts to community services like hubs, libraries, and social care, emphasising their importance to the community. There is significant opposition to the proposed 7.8% council tax increase, with residents arguing it is too high and unaffordable, especially given the current cost of living crisis. Residents propose various ways to save money, such as reducing elected members' expenses, cutting unnecessary projects, and improving efficiency. There are calls for better transparency in budget allocation and clearer communication about where money is being spent. Several comments stress the need to prioritise support for vulnerable populations.

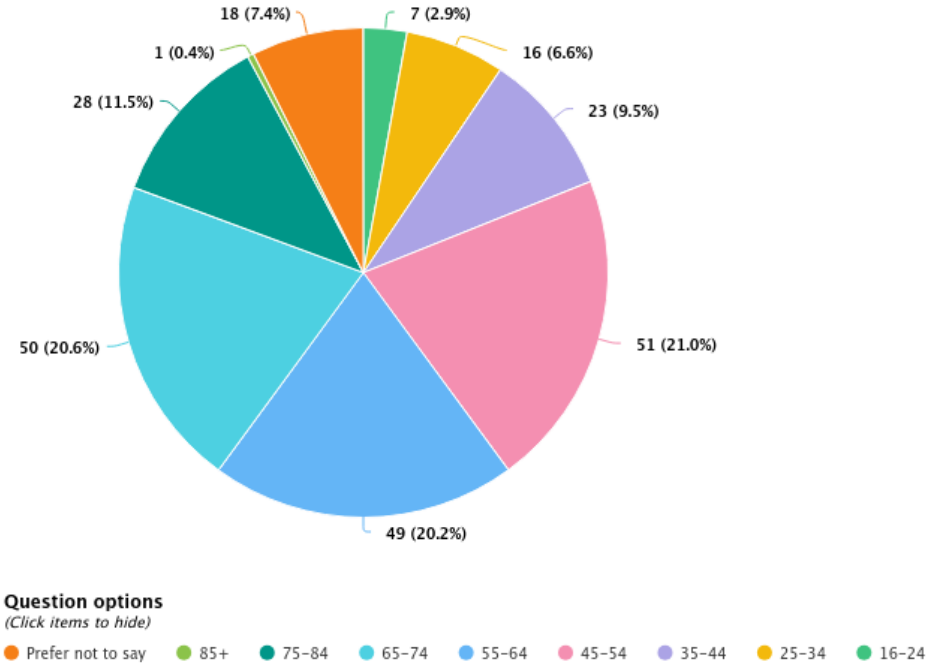
Survey Demographic

A selection of demographics of participants that took part in the online survey.

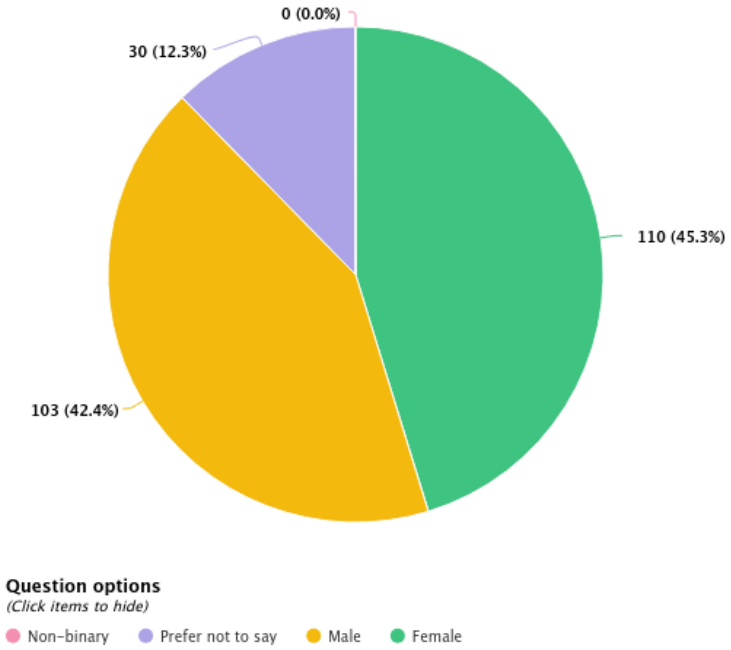
Location of participants



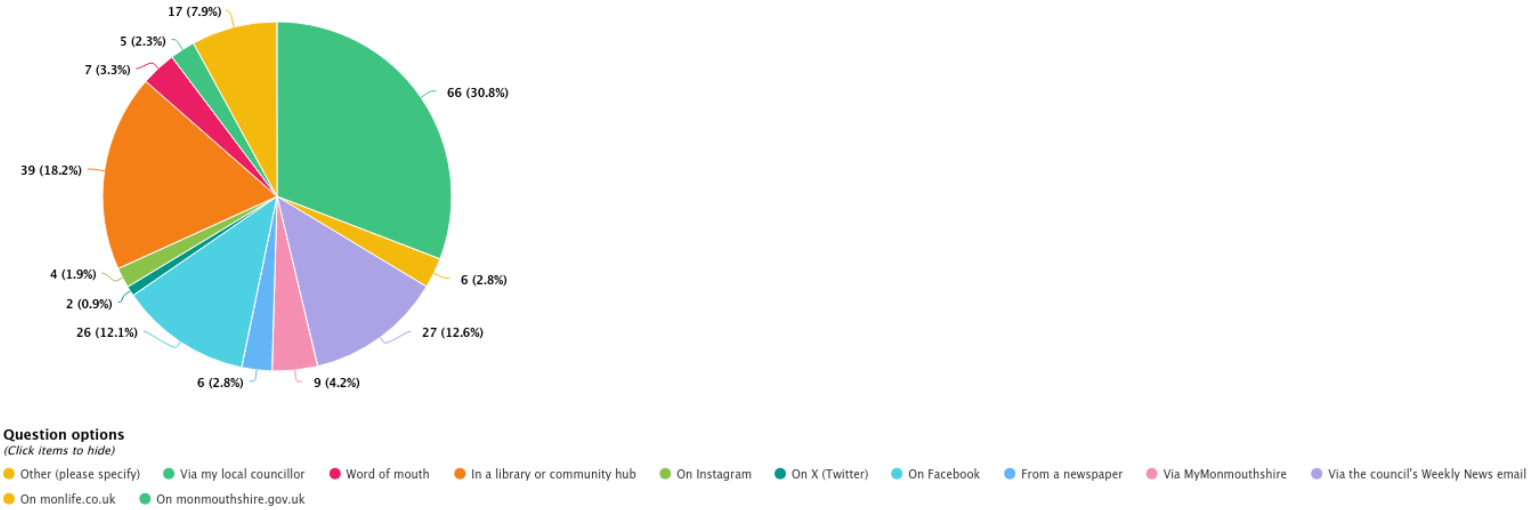
Age of participants



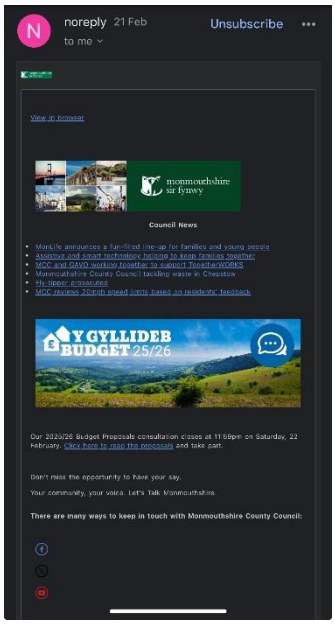
Gender of participants

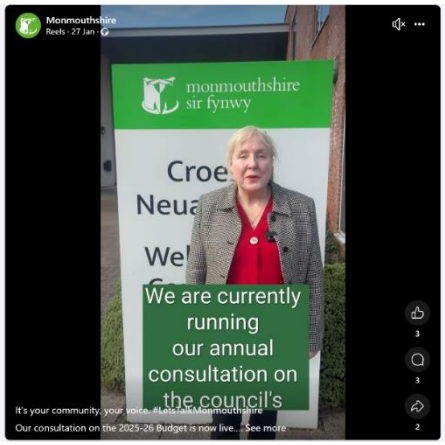


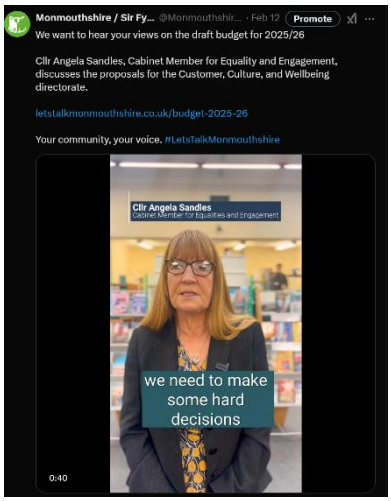
How participants hear about the consultation survey

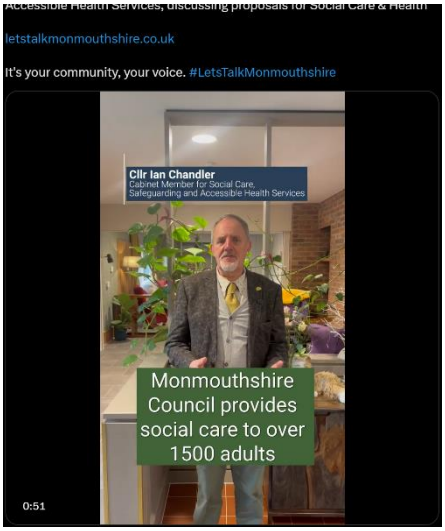


Examples of Communications









Thank you to everyone who participated in the Budget Proposals Consultation 25/26.

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Appendix B - 2025/26 Revenue Budget

	Draft Revenue Budget proposals £000's											Final Settlement Changes		March 2025 Cabinet and Final budget recommendations to Council			
Net Expenditure Budgets	**Adjusted Base Budget 2024/25**	**Service pressure**	**Pay inflation**	**Non-pay Inflation**	**Reserves & Corporate Adj**	**Service saving**	**Energy**	**Fees and charges**	**Grant income**	**Council Tax Income**	**Draft Budget 2025/26**	**Adjustment to AEF**	**Settlement pressures / adjustments**	**Changes to Pressures**	**Changes to Savings**	**Final amendments**	**Final budget recommended 2025/26**
Learning, Skills and Economy	**65,118**	2,175	3,324	254		(231)	(496)		1,967		**72,111**		62		67	247	72,486
Social Care & Health	**68,196**	7,166	1,773	1,052		(2,377)		(366)	(40)		**75,404**						75,404
Infrastructure & Place	**26,695**	1,164	1,500	664	245	(981)	(223)	(321)	547		**29,290**		236	2,442	(4,739)	(1,790)	25,440
Customer, Culture and Wellbeing	**8,205**	35	696	58		(482)					**8,512**				110		8,622
Resources	**8,284**	230	352	110	4	(535)					**8,446**						8,446
People, Performance and Partnerships	**3,259**	70	180	18		(127)					**3,400**						3,400
Law & Governance	**2,875**	38	133	5		(1)					**3,050**						3,050
Corporate Costs & Levies	**9,216**	0	(3,316)	2	422	(350)			111		**6,085**			850		(77)	6,858
Community Council precept	**3,608**										**3,608**					356	3,964
Gwent Police precept	**16,940**									1,155	**18,095**					230	18,325
Sub Total	**212,396**	**10,878**	**4,642**	**2,164**	**671**	**(5,084)**	**(719)**	**(687)**	**2,585**	**1,155**	**228,000**	**0**	**298**	**3,292**	**(4,562)**	**(1,035)**	**225,994**
Borrowing Costs	**8,423**				1,167						**9,590**					(514)	9,076
Contributions to Earmarked reserves	**833**				(140)						**693**					1,790	2,483
Contributions from Earmarked reserves	**(1,748)**				973						**(775)**						(775)
Total Expenditure	**219,904**	**10,878**	**4,642**	**2,164**	**2,671**	**(5,084)**	**(719)**	**(687)**	**2,585**	**1,155**	**237,509**	**0**	**298**	**3,292**	**(4,562)**	**241**	**236,778**
Funding Budgets																	
Aggregate External Financing (AEF)	**(126,019)**								(7,685)		**(133,704)**	(1,544)					(135,248)
Council Tax (MCC)	**(72,582)**									(6,044)	**(78,626)**						(78,626)
Council Tax (MCC Premium)	**(755)**									140	**(615)**						(615)
Council Tax (Gwent Police)	**(16,940)**									(1,155)	**(18,095)**					(230)	(18,325)
Council Tax (Community Councils)	**(3,608)**										**(3,608)**					(356)	(3,964)
Council Fund Contribution	**0**				0						**0**						0
Total Funding	**(219,904)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(7,685)**	**(7,059)**	**(234,648)**	**(1,544)**	**0**	**0**	**0**	**(586)**	**(236,778)**
Total Budget	**0**	**10,878**	**4,642**	**2,164**	**2,671**	**(5,084)**	**(719)**	**(687)**	**(5,100)**	**(5,904)**	**2,861**	**(1,544)**	**298**	**3,292**	**(4,562)**	**(345)**	**0**

	Band D Council Tax 2024/25										**2025/26 tax base**	**Band D Council Tax 2025/26**	**%age increase**
Council tax recommendations	1,686.70										48,566.96	1,818.26	7.80%

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Appendix C - Change in service pressures and savings from draft to final budget

Ref	Pressure/Saving by Directorate	Draft Pressure	Movement	Final Pressure	Draft Saving	Movement	Final Saving
		£000	£000	£000	£000	£000	£000
LSE	Learning, Skills and Economy	3,612	0	3,612	(727)	67	(660)
SCH	Social Care & Health	7,808	0	7,808	(2,743)	0	(2,743)
I&P	Infrastructure & Place	1,892	2,442	4,334	(1,525)	(4,738)	(6,263)
CCW	Customer, Culture and Wellbeing	324	0	324	(482)	110	(372)
RES	Resources	337	0	337	(535)	0	(535)
PPP	People, Performance and Partnerships	144	0	144	(127)	0	(127)
L&G	Law & Governance	77	0	77	(1)	0	(1)
CORP	Corporate Costs & Levies	4	850	854	(3,670)	0	(3,670)
	Totals	14,198	3,292	17,490	(9,810)	(4,561)	(14,371)
Ref	**Learning, Skills and Economy**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	£000	£000	£000	£000	£000
LSE P1	Schools budget investment	1,000	0	1,000			
LSE P2	ALN independent placements	400	0	400			
LSE P3	Post to fund Ed_tech Support previously funded by reserves	50	0	50			
LSE P4	Shortfall in grant to support Childcare offer	80	0	80			
LSE P5	Specialist resource bases - Expansion of in county offer to support MCC pupil	300	0	300			
LSE P6	Increase in the number of IDP's in schools	345	0	345			
LSE P7	National insurance increase - LSE	106	0	106			
LSE P8	National insurance increase - Schools	1,331	0	1,331			
LSE S1	Reduce 0.6 FTE Most (Monmouthshire Specialist Teachers) team				(40)	0	(40)
LSE S3	Grant funding increase to meet costs of EWS post				(51)	0	(51)
LSE S4	ALN pupils - reduction in out of county provision				(100)	0	(100)
LSE S5	King Henry - reduction in Maintenance costs				(40)	0	(40)
I&P S14	Reduction in utility costs for education estate				(496)	67	(429)
	Learning, Skills and Economy Totals	3,612	0	3,612	(727)	67	(660)
Ref	**Social Care, Health & Safeguarding**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	£000	£000	£000	£000	£000
SCH P1	Adults Placements and practice change recurrent shortfall	1,727	0	1,727			
SCH P2	Frailty over spend	136	0	136			
SCH P4	Children's Placements recurrent pressure	1,662	0	1,662			
SCH P5	Social care provider fees	3,254	0	3,254			

SCH P6	Foster Fees and Allowances	**387**	0	**387**			
SCH P7	National insurance increase	**642**	0	**642**			
SCH S2	Community Meals - not filling part time vacancy				**(15)**	0	**(15)**
SCH S3	Adult social care - Practice Change				**(250)**	0	**(250)**
SCH S4	Fees and Charges increases				**(336)**	0	**(336)**
SCH S5	Public protection Workforce review				**(100)**	0	**(100)**
SCH S6	Wedding fees (registrars)				**(30)**	0	**(30)**
SCH S7	Children's social care - Practice Change				**(1,887)**	0	**(1,887)**
SCH S10	Adult social care - workforce review				**(125)**	0	**(125)**
	Social Care, Health & Safeguarding Totals	**7,808**	**0**	**7,808**	**(2,743)**	**0**	**(2,743)**
Ref	**Infrastructure & Place**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
I&P P7	Transport - Green Car Scheme income target shortfall	**18**	0	**18**			
I&P P2	Solar farm income shortfall	**50**	0	**50**			
I&P P3	PTU Demand and operators costs	**600**	0	**600**			
I&P P4	Fleet maintenance inflationary pressures, fleet size	**200**	0	**200**			
I&P P5	Waste disposal costs	**0**	2,678	**2,678**			
I&P P6	Building control Fee income	**60**	0	**60**			
I&P P7	National insurance increase	**728**	0	**728**			
I&P P8	Shortfall in Housing & Homelessness grant allocation within WG settlement	**236**	(236)	**0**			
I&P S2	Increase statutory planning application fees by 25%				**(100)**	0	**(100)**
I&P S3	Increase car park fees by 10%				**(180)**	0	**(180)**
I&P S4	Passenger Transport Commissioning - Reversion to the statutory distances of 2 miles for primary and 3 miles for secondary				**(447)**	0	**(447)**
I&P S7	Savings in I&P senior management costs as a result of SLT restructure				**(170)**	0	**(170)**
I&P S8	Grass routes - Introduce an annual £10 membership charge for users				**(3)**	0	**(3)**
I&P S9	Reduce gritter fleet by extending the working hours of each vehicle				**(20)**	0	**(20)**
I&P S10	Reduction in utility prices for the corporate estate				**(223)**	87	**(136)**
I&P S11	Undertake energy audit of invoices to identify discrepancies and potential savings				**(20)**	0	**(20)**
I&P S13	Building cleaning - release of recurrent service saving				**(20)**	0	**(20)**
I&P S15	Increase Building Control Fees				**(32)**	0	**(32)**
I&P S20	Savings driven from the reduction of B&B usage and full year effect of Severn View				**(207)**	0	**(207)**
I&P S21	Passport more core service costs to grant funding.				**(45)**	0	**(45)**
I&P S22	PTU Increase the cost of concessionary season tickets by 10%				**(6)**	0	**(6)**
I&P S23	Increase in Highways external fee income				**(52)**	0	**(52)**
I&P S24	Indicative Waste Extended producer funding				**0**	(4,825)	**(4,825)**

	Infrastructure & Place Totals	**1,892**	**2,442**	**4,334**	**(1,525)**	**(4,738)**	**(6,263)**
Ref	**Customer, Culture and Wellbeing**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
ML P2	Communications - GovDelivery and Engagement HQ System	**10**	0	**10**			
ML P4	Active travel grant reduction	**25**	0	**25**			
ML P5	National insurance increase	**289**	0	**289**			
ML S1	Borough Theatre - service redesign				**(50)**	0	**(50)**
ML S3	Realignment of Community Hub opening hours				**(110)**	110	**0**
ML S4	Youth Service move to a more sustainable operating model				**(40)**	0	**(40)**
ML S5	Increase Income across the four Leisure Centres				**(150)**	0	**(150)**
ML S7	Review operating model for Old Station Tintern				**(30)**	0	**(30)**
ML S9	Review of service provider - Markets Waste Collection				**(20)**	0	**(20)**
ML S12	Senior management restructure				**(38)**	0	**(38)**
ML S13	S106 - Optimising office time recharge				**(24)**	0	**(24)**
ML S14	Rights of way - Charge officer time to capital schemes				**(20)**	0	**(20)**
	Customer, Culture and Wellbeing Totals	**324**	**0**	**324**	**(482)**	**110**	**(372)**
Ref	**People, Performance and Partnerships**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
PPP P1	Welsh Translation demand	**70**	0	**70**			
PPP P2	National insurance increase	**74**	0	**74**			
PPP S2	Welsh Language translation - Target AI usage / Alternative delivery				**(82)**	0	**(82)**
PPP S4	Automation savings in Systems and Payroll				**(22)**	0	**(22)**
PPP S5	Implement Apprentice First approach				**(8)**	0	**(8)**
PPP S8	End membership of New Local from June 2025				**(15)**	0	**(15)**
	People, Performance and Partnerships Totals	**144**	**0**	**144**	**(127)**	**0**	**(127)**
Ref	**Law & Governance**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
LG P1	Members Pay award	**38**	0	**38**			
LG P2	National insurance increase	**39**	0	**39**			
LG S1	Subscription costs				**(1)**	0	**(1)**
	Law & Governance Totals	**77**	**0**	**77**	**(1)**	**0**	**(1)**
Ref	**Resources**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**

		£000	£000	£000	£000	£000	£000
RES P1	Delay in progressing building rationalisation	**100**	0	**100**			
RES P2	Financial management system upgrade costs	**41**	0	**41**			
RES P3	Shared ICT resource service contribution increase	**40**	0	**40**			
RES P4	Benefits Shared Service contribution increase	**49**	0	**49**			
RES P5	National insurance increase	**107**	0	**107**			
RES S1	Review of ICT security provision				(98)	0	(98)
RES S3	Review Head of Digital, Design & Innovation staffing arrangements				(64)	0	(64)
RES S5/S6	HB penalty reduction as a result of changes to temporary accommodation for homelessness				(350)	0	(350)
RES S7	Reduction in Chief officer admin Support (0.6 FTE)				(23)	0	(23)
	Resources Totals	**337**	**0**	**337**	(535)	**0**	(535)
Ref	**Corporate**	**Draft Pressure**	**Movement**	**Final Pressure**	**Draft Saving**	**Movement**	**Final Saving**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
COL P1	National insurance increase	**4**	0	**4**			
COL P2	Budget risk contingency	**0**	850	**850**			
COL S1	National insurance funding				(3,320)	0	(3,320)
COL S2	Extension of capitalisation direction to fund transformational costs				(350)	0	(350)
	Corporate Totals	**4**	**850**	**854**	(3,670)	**0**	(3,670)

Appendix D - Evaluating the Potential Impact of the 2025-26 Budget

Introduction

This report outlines the results of the impact assessment undertaken alongside the individual budget proposals for the financial year 2025-26. The assessment has two aims:

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

The spending proposals for the next financial year – 2025/2026 are informed by the principles set in our Medium-Term Financial Strategy. These include: A citizen facing budget focused on equality and climate change; maintaining reserves of at least 5% of our net revenue budget and only borrowing where it is affordable and sustainable to do so.

Spending on front-line service delivery will rise next year, with double-digit increases in education and social care. Despite this, the growth in the Council's budget will not be enough to keep pace with increasing demand and more complex needs. While inflation has come down, prices are still a lot higher than they were a few years ago. As a result, we are still having to pay more for items such energy and fuel. Our budget is being set within the context of a sustained period of under-investment in public services which means that the base line for this budget process is not ideal.

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

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

The development of this impact assessment has been an iterative process and has been developed alongside the budget proposals with further refinement undertaken following the public consultation. This means that we have been able to understand the potential impacts and adjust our thinking. As a result, we have been able to amend some proposals or introduce mitigating actions to lessen the impact of some of the difficult decisions we are faced with, on the most vulnerable in our communities.

We assessed the impact of our proposals through:

- Part 1 - An overall Integrated Impact Assessment which summarises the effects of all budget proposals which could alter a service or the way that service is delivered. This assesses its potential impact on the national well-being goals and the ways of working enshrined in the Well-being of Future Generations Act and the people and groups who possess the protected characteristics specified under the Equality Act 2010.

- Part 2 - A review of the potential cumulative financial impact on households with different income levels. This helps us particularly understand the potential impact on those experiencing socio-economic disadvantage, in line with the socio-economic duty in Wales.

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

Open and robust scrutiny and challenge has been an essential part of the budget setting process. Cabinet have listened to feedback during public consultation and engagement that was undertaken for a four-week period between January and February 2025. As a result, the proposal to change the opening hours at four community hubs will not be taken forward. The consultation process highlighted the importance and value placed on these facilities within our communities and also highlighted the ancillary impact these changes may have on the wider provision of Council services.

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

Part 1: Overall Integrated Impact Assessment

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

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

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

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sir fynwy

Integrated Impact Assessment document

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

Name of the Officer: Richard Jones **Phone no:** 01633 740733 **E-mail:** richardjones@monmouthshire.gov.uk	**Please give a brief description of the aims of the proposal:** To deliver a balanced budget while continuing to make progress against the council's longer term aims.
Name of Service area: Chief Executive's	**Date:** 22/02/25 (version 2.0)

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Local authorities provide universal services such as highways and waste collections which bring benefits to all age groups. However, many of our services such as education and social care are delivered to proportionately higher numbers of younger and older people and as a result these groups are more likely to experience the effects of any changes to services resulting from the budget. The commitment to providing additional funding to support pupils with complex and highly complex Additional Learning Needs (ALN) (CYP P1 &CYP P4) will help ensure that children and young people with complex ALN are provided with appropriate provision to meet their identified needs. The proposal to bring ALN pupils who are currently in maintained and independent specialist placements outside of Monmouthshire back into Council provision at key points of transition (SCYP 4) will support more pupils within their	A small reduction of 0.6 FTE in the workforce in the Monmouthshire specialist teacher team (CYP S1) could have a negative impact on the support received by children and young people. Concessionary home to school transport is a discretionary service over and above that provided to pupils who meet the statutory criteria or have additional learning needs. Neither of these are affected by this budget. Reducing the subsidy provided for concessionary home to school transport (C&P 22) may mean that some children from low-income families will no longer be able to afford the service. It will continue to be subsidised below market levels. The lack of placement choice and availability within Monmouthshire is having an adverse effect on children requiring social care support. Changes to practice in social care (SCH 7) seek to support children and young people who are looked after, or care experienced, to live closer to home and to be	Families will have the option to pay the cost of home to school transport across the academic year (C&P 22). Individual care planning for children is in place. This takes into account their individual needs and personal outcomes in line with their stage of development. (SCH 7)

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	local community which should have a positive effect on their well-being. Monmouthshire is a rural county and the costs of home to school transport is rising. Providing additional funding to meet the increased costs (C&P 3) will ensure that this service can be maintained and children can continue to be provided with transport to school. Monmouthshire has an ageing population. Providing additional money to meet funding pressures in Adult and Children's Social Care resulting from higher demand and more complex cases (SCHP1 & SCHP4), will ensure that both children and young people and older people in receipt of care continue to be supported, helping them to live independently, access vital services, improve their quality of life and maintain close relationships with family and friends. Providing additional funding to uplift social care provider fees (SCH P5) will increase the likelihood that independent care providers can continue to operate in	appropriately supported to develop their independence. Older people, particularly those with care and support needs, and their carers are more likely to be negatively affected by proposed practice change in Adult Social Care (SCH 3). There will be a renewed focus on assessment and review of care and support needs of individuals as part of the proposal to ensure that the impact on individuals is fully understood and considered. This includes a reduction in the workforce within direct care (SCH10). Existing vacancies in home care teams are being held vacant to minimise the impact on the current workforce. A reduced workforce within direct care will have an impact on older / frail adults with care and support needs and their carers. Often older adults are being supported to remain at home with the support of family members who can themselves be of older age. The charge service users pay for Monmouthshire Meals (sometimes known as 'Meals on Wheels') will increase. The service is currently used by 247 people. This could affect users, who are those with an assessed care need, and affect older frail adults and their	There will be a renewed focus on assessment and review of care and support needs for adults requiring social care support. A focus on reablement approaches allows people to maximise their independence that is in line with the requirements of the Social Services and Well Being Act (SCH 3). Existing vacancies within home care teams will be held to minimise impact on the workforce (SCH10). We will ensure the Social Services and Well-being Act charging legislation is adhered to. This ensures that service users are means tested to determine their ability to pay. Increased demand, the fragility of the social care sector and the availability of care staff remain a key risk for Adult Social Care which needs to be considered as part of budget proposals.

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?
	our area, helping the council to secure care for vulnerable people. Increasing funding to increase the fees and allowances paid to foster carers (SCH P6) will aid the council's aim of increasing the number of local authority foster carers in the county. This will mean that fewer children are placed in private placements or residential children's homes which can often be far from their familiar community and more costly than in-house provision. The proposal to charge an annual membership of the Grass Routes demand responsive transport scheme (C&P8) will provide vital revenue to help ensure the continued operation of the service providing transport to residents who require it.	cares. Some people may choose to stop receiving the service. However, there are private providers of community meals type services in the county which could potentially mitigate this effect for some users. We recognise that private providers may not deliver to all geographical areas exacerbating issues of geographical inequality. The proposed charge for the Grass Routes membership scheme (C&P8), an annual £10 fee, will result in a small increased cost for scheme members to use the service. Currently the service is used by 250 people, predominantly concessionary bus pass holders. The significant majority of service users are aged 65 or over. Those who do not wish to join the scheme will be able to access public transport services, albeit they will be less flexible than the subsidised demand-responsive service they currently receive. A reduction in the Youth Service budget, and service provision means overall, there would be less youth work taking place across Monmouthshire (MLS4). This may be felt across all protected characteristics but particularly younger people. National research shows that youth clubs are successful	Current and potential users of Grass Routes transport who do not wish to join the scheme will be able to access public transport services, albeit they will be less flexible than the service they currently receive. The initial proposal to reduce Community Hub opening hours was removed following public consultation. These services will remain open. This will protect face-to-face counter service in our largest towns, something that is valued by many people as hubs provide a vital safety net for vulnerable people alongside the provision of universal services for the whole community. The main youth centres, based in the four largest towns, will not be affected (MLS 4). If there is any reduction in youth club provision, the young people will be signposted to one of the four youth centres, in addition to other opportunities in their community.

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?
		at reaching the most vulnerable, for example, those directly affected by violence are twice as likely to regularly go to a youth club. However, it is likely that many others, sometimes referred to as the 'missing middle' will be affected by reductions in open access youth services.	Where any savings result in compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Disability	Many of our services, such as social care, are delivered to proportionately higher numbers of disabled people. Providing additional funding to support pupils with complex and highly complex Additional Learning Needs (ALN) (CYP P1 &CYP P4) will help ensure that children and young people with complex ALN are provided with appropriate provision to meet their identified needs. The proposal to bring ALN pupils currently educated in maintained and independent specialist placements outside Monmouthshire back into Council provision at key points of transition (SCYP 4) will enable us to support more pupils within their local community. Providing additional money to meet funding pressures in Adult and Children's Social Care (SCHP1 & SCHP4) will allow	A small reduction of 0.6 FTE in the workforce in the Monmouthshire specialist teacher team (CYP S1) could have a negative impact on the support received by children and young people. Children with more complex needs and disabilities are disproportionately impacted by the lack of suitable placements in Monmouthshire for children requiring social care support. Changing practice in Social Care (SCH 7) seeks to address this through the development of bespoke services and provision which will reduce the reliance on 'for profit' and out-of-county placements. Adults with physical disabilities, and adults with mental health difficulties including dementia, may be negatively impacted by proposed practice changes in Adult Social Care (SCH 3). There will be a renewed focus on the	Individual care planning for children is in place which takes into account their individual needs and personal outcomes in line with their stage of development. (SCH 7) There will be a renewed focus on the assessment and review of care and support needs for adults requiring social care support. A focus on reablement approaches allows people to maximise

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?
	those experiencing physical and learning disabilities as well as ill-health, both mental and physical, to continue to receive support, to live independently and access vital services. Putting in place additional funds to uplift social care provider fees (SCH P5) will increase the likelihood that independent care providers can continue to operate in our area, helping the council to secure care for vulnerable people.	assessment and review of care and support needs of individuals as part of the proposal. As highlighted in the age category, the charge service users pay for Monmouthshire Meals will increase. The service is currently used by 247 people. This would affect users of the service, including disabled people and their carers. Some people may choose to stop receiving the service. As highlighted in the age category of this assessment we recognise that private providers may not deliver to all geographical areas exacerbating issues of geographical inequality in alternative service provision.	their independence that is in line with the requirements of the Social Services and Well Being Act (SCH 3). We will ensure the Social Services and Well-being Act charging legislation is adhered to. This ensures that service users are means tested to determine their ability to pay. Increased demand, the fragility of the social care sector and challenges recruiting care staff remain a key risk for Adult Social Care which needs to be considered as part of budget proposals. There are private providers of community meals services in the county which could potentially mitigate this effect for some users.

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?
	The proposal to charge an annual membership fee for the Grass Routes scheme (C&P8) will help support the continued operation of the scheme providing demand-responsive transport to residents who require it.	The proposed charge for the Grass Routes membership scheme (C&P8), an annual £10, fee will result in an increased cost for scheme members to use the service, Currently the service is used by 250 people. Those who do not wish to join the scheme will be able to access public transport services, albeit they will be less flexible than the service they currently receive.	Those who do not wish to join the scheme (C&P8) will be able to access public transport services, albeit they will be less flexible than the demand-responsive subsidised service they currently receive. As highlighted in the age category, following public consultation there will be no changes to Community Hub opening hours. This will protect face-to-face counter service in our largest towns. These services provide a vital safety net for vulnerable people including disabled people. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Gender reassignment	At this stage proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment.	At this stage proposals haven't identified a particular overall impact, either positive or negative, on people who have undergone or are considering gender reassignment.	None identified at this stage. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard

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?
		We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	for the impact relating to protected characteristics.
Marriage or civil partnership	At this stage proposals haven't identified a particular overall impact, either positive or negative. Same-sex couples who register as civil partners have the same rights as married couples in employment and must be provided with the same benefits available to married couples, such as survivor pensions, flexible working, maternity/paternity pay and healthcare insurance.	At this stage proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	None identified at this stage. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Pregnancy or maternity	At this stage proposals haven't identified a particular overall impact, either positive or negative. In the provision of services, goods and facilities, recreational or training facilities, a woman is protected from discrimination during the period of her pregnancy and	At this stage proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be	None identified at this stage. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
	the period of 26 weeks beginning with the day on which she gives birth.	proportionality more likely to be affected by any increases in fees and charges.	
Race	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race.	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by race. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	None identified at this stage. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Religion or Belief	At this stage proposals haven't identified a particular overall impact, either positive or negative, that will differ by religion or belief.	At this stage proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands. This means they could be proportionality more likely to be affected by any increases in fees and charges.	None identified at this stage. Where any savings result in compulsory redundancies, the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.
Sex	The council has already carried out a full pay evaluation exercise.	Women make up the majority of both paid and unpaid caring roles. Any reduction in services available for adults with care and support needs will negatively impact on carers; and therefore, the impact will be felt	Existing vacancies with home care teams are being held vacant to minimise the potential impact on the current workforce (SCH10).

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
		disproportionately on women (SCH 3 & SCH 10) A number of proposals include a reduction on the number of jobs through the release of vacant posts. In some cases, there may be redundancies as a result of the proposals. While each department's staffing mix differs, the council's workforce is 70% female and therefore any reductions in staff numbers are likely to have a disproportionate effect on women.	We will ensure that the Protection of Employment Policy is adhered to at all times. This will ensure that we are able to redeploy staff wherever possible. We are applying stringent checks to ensure only essential vacancies are advertised. This will help minimise any redundancies. Trade Unions will be briefed through meeting of the Joint Advisory Group in January.
Sexual Orientation	At this stage proposals haven't identified a particular overall impact, either positive or negative that will differ according to ones sexual orientation.	At this stage, proposals haven't identified a particular overall impact, either positive or negative. We know from research, that people with some protected characteristics are likely to be disproportionately represented in the lower income bands and therefore proportionality more likely to be affected by increases in fees and charges.	None identified at this stage. Where any savings result in compulsory redundancies the process will make a determination in an unbiased and un predetermined way and with due regard for the impact relating to protected characteristics.

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 Council provides a range of services that support people experiencing socio-economic disadvantage. Any increase in fees and charges for services will have a higher impact on households with the lowest incomes. Many service areas already have mitigations or discounts in place to reduce the socio-economic impact of charges.		
	Uplifting social care provider fees (SCHP 5) will enable those providing social care to continue pay the real living wage to care workers who are typically on lower incomes. This is in line with the commitment made by the Welsh Government.	As referred to in section one, reducing the subsidy for concessionary home to school transport (C&P 22) may mean that some children will no longer be able to afford the service. We will continue to provide free home-to-school transport in line with statutory requirements. This change affects those who do not qualify for free transport.	Families will have the option to pay the cost of home to school transport across the academic year (C&P 22).
	Children who are looked after and care experienced young people often face socio-economic disadvantages and a paucity of support networks. Practice change in children's services (SCH 7) seeks to provide	Adults with care and support needs, and their carers, can often be economically disadvantaged. As highlighted in the	There will be a renewed focus on assessment and review of care and support needs for adults requiring social

	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?
	the best support for young people as they approach adulthood through the provision of appropriate accommodation, support and services that should have a positive effect on their longer-term social and economic well-being. The case to invest in foster carer fees and allowances (SCH P6) should enable more children in care to remain in the local area. This in turn should contribute towards reducing the inequalities across a whole range of outcomes associated with socio-economic disadvantage. As highlighted in section 1, community hubs provide a safety net for the most vulnerable in Monmouthshire and are a place where people access social networks and support. The decision to maintain opening hours following the public consultation will ensure we can continue to provide face-to-face support in communities. This includes access to training to increase skill levels and support to find jobs.	introduction, there is a correlation between some protected characteristics and an increased risk of poverty. The more protected characteristics a person has, the more likely they are to experience financial hardship. People with learning disabilities and physical disabilities can face barriers in accessing work and are more likely to be on low incomes. Practice change in social care (SCH 3) aims to generate savings through a range of approaches including prevention and early intervention that enables people to maximise their independence. Any reduction in the level of care available to an individual would only take place after a review of their individual needs. However, it is conceivable that a reduction in care could impact negatively on adults and their carers and may increase the risk of socio-economic disadvantage, for example, they may also not be able to afford to pay for any additional care and support. Alongside this a focus on reablement approaches	care support. A focus on reablement approaches allows people to maximise their independence that is in line with the requirements of the Social Services and Well Being Act (SCH 3).

	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?
		allows people to maximise their independence. The budget contains a proposal to increase charges for domiciliary care from £20 to £24 per hour. (Fees and Charges report). These are currently capped at £100 per week in Wales, which provides a significant mitigation. A further mitigation is provided in the form of means testing, as only those who are assessed as being able to afford this will pay. There will also be increases in fees for residential care. This will impact on proportionately more older people. These are also means tested providing mitigation to those on the lowest incomes. As highlighted in section one, the price people pay to have Monmouthshire Meals delivered to their homes will increase. Private alternatives are in place for those who cannot or do not want to pay the higher charge. However, we recognise that private providers may not deliver to all geographical areas of our county,	Charges for domiciliary care are currently capped at £100 per week in Wales. Means testing is also in place so only those who are assessed as being able to afford this will pay. See the Fees and Charges report which is part of the budget proposals for more details. Ensuring that practitioners in social care understand the impact of socio-economic disadvantage on individuals with care and support needs and have the right skills and knowledge to be able to support people in such circumstances (across social care).

	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?
		exacerbating issues of geographical inequality. Increases to car park charges (C&P 3) will have a disproportionate effect on those experiencing socio-economic disadvantage who may have to pay a higher proportion of their income to park near their workplace or when accessing services in town centres. The proposal to change the Grass Routes membership scheme to an annual £10 membership fee will create a small financial cost for residents who wish to join the scheme. The fee will support the continued operation of the scheme enabling those who use it to continue to access a range of social and economic opportunities across Monmouthshire (C&P8). The proposal to reduce the operational hours of the Borough Theatre and reductions in staffing hours may reduce the opportunities for the existing team to be involved in community activities offered to those suffering from socio-economic disadvantage. Concessionary	Those who do not wish to join the Grass Routes scheme will be able to access public transport services, albeit they will be less flexible than the subsidised demand-responsive service they currently enjoy (C&P8). A focused and targeted program of events for residents and visitors will increase footfall and overall income to the Borough theatre. Concessionary rates will continue to be available to those who require them. (MLS1)

	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?
		rates to the theatre will continue to be available to those who require them helping maintain access to cultural opportunities. (MLS1)	
		The proposals could result in a reduction of youth service in some communities while maintaining youth centres in towns. Where a young person travels to the youth centre, their journey could include having to travel by vehicle including public transport which could be a barrier to access and participation highlighting issues of geographical inequality that exist in rural counties such as Monmouthshire. (MLS4)	The youth centres are open immediately after school. This means that any young person who wishes to access the provision can do, straight after school, extending their school day into their free time and preventing them having to make the journey home and return to the centre. (MLS4)
		As part of the proposal to lease Old Station Tintern to a commercial operator it will be made clear to a new operator that they should offer subsidised rates for those who visit that may be on low/reduced incomes, this cannot be guaranteed. (MLS7).	To specify to any potential new operator for Old Station Tintern that they offer subsidised rates for those who visit that may be on low/reduced incomes to ensure that the site is open and accessible to all. (MLS7)
		Discontinuing or reducing the use of external translators will negatively impact a small number of micro-businesses in the Welsh language	

	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?
		sector. These businesses may struggle to find alternative work. This challenge is compounded by advancements in AI translation technologies, which may already be reducing the demand for their services. (CEO2) An increase in Council Tax will have a financial impact on all households on lower incomes, as any bills will form a higher proportion of their household expenditure. As a result they are likely to feel the impact more acutely. Those who are eligible, are able to apply for a reduction in council tax through the Council Tax reduction scheme which will mitigate the effects of the increase. There is a risk that any budget proposals that increase discretionary charges will have a disproportionate impact on people on low incomes and therefore will widen economic inequality. A number of proposals include reducing staffing, through reducing employment hours, vacant posts or possible redundancies. This will have a socio-	The Council Tax reduction scheme offers some mitigation, council tax is means tested and those who qualify are able to apply for a reduction. Single person households are eligible for a 25% reduction on council tax. We will ensure that the Protection of Employment Policy is adhered to at all times. This will ensure that we are able to redeploy staff wherever possible. We are applying stringent checks to ensure only essential vacancies are advertised. This will help minimise any redundancies. Trade Unions will be briefed through the Joint Advisory Group. It is important to assess and understand the impact of our proposals on those in poverty, especially if there is a cumulative impact from a number of proposals. The evidence in this paper helps assess the overall potential impact of the budget on different people within our communities and looks to establish

	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?
		economic impact on those council employees affected.	the cumulative financial impact of the budget.

3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably.	Welsh medium youth clubs will not be impacted by proposals to reduce the youth service budget and provisions. However, the URDD youth clubs are 100% funded by an external grant. (MLS4) All proposals will comply with the Welsh Language standards applicable to the authority.	Discontinuing or reducing the use of external translators will negatively impact a small number of micro-businesses in the Welsh language sector. These businesses may struggle to find alternative work at the same rate they have been receiving from the council for many years. This challenge is compounded by advancements in AI translation technologies, which may already be reducing the demand for their services. (CEO2)	Ensure collaboration with partners to look at ways of sustaining Youth Service provisions, post grant funding and in the event of a reduction in grant funding. (MLS4) All signage and material arising from budget proposals will be compliant with the Welsh Language (Wales) Measure 2011 and Welsh Language Standards.
Operational Recruitment & Training of workforce	We will ensure that new vacancies are assessed and where possible advertised as 'Welsh essential' to increase opportunities for people to engage with the council through the medium of Welsh.	Budget proposals identify potential redundancies. In some instances, these could result in a reduction in the number of Welsh speakers employed and could decrease opportunities for the current workforce to improve their Welsh language skills due to a reduction in staffing.	Ensure that new roles are assessed to determine Welsh language requirements. Active promotion of vacancies in Welsh language publications and websites as well as targeted promotion via LinkedIn. Continue to promote and fund language courses to increase the number of learners in line with the aspirations in our Welsh Language Strategy

			Where there are proposed reductions to staffing hours in Community Hubs rotas will be looked at with a view to reducing risks of losing Welsh speaking staff. (MLS3)
Service delivery Use of Welsh language in service delivery Promoting use of the language	Proposals to employ internal translators or outsource translations to other local authorities will allow the council to establish a more standardised approach to translations across the authority which will have a positive impact on the quality and consistency of translations. Reducing the cost of translation will also enable the authority to prioritise its language budget on training opportunities and language promotion, contributing to the commitments of our Welsh Language Strategy. (CEO2)	Proposals to lease sites to a commercial operator, to reduce operating costs, could make it more difficult for the council to ensure that bilingual services are being provided. (MLS7)	Ensure that appropriate mitigations are put in place at a service level to mitigate the loss of any individuals on our overall ability to provide services in Welsh. Where there are proposals to lease sites to commercial operators, Welsh language requirements would need to be specified in contracts (MLS 7).

4. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

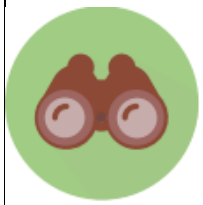
Well-being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Overall spending on services will increase as a result of this budget. This will ensure that the council is able to continue to run services that meet the needs of people, communities and businesses contributing to all of the national well-being goals as well as the aspirations of our Community and Corporate Plan for Monmouthshire to be a thriving and ambitious place. There are however a number of downsides as the increase in spending is insufficient to keep pace with higher prices and increased demand for services. A number of proposals involve redundancies, which will reduce the total number of jobs in the county having a potential negative impact on this goal, albeit a very small one when considering the size of the workforce as a whole. Several pressure mandates set out additional resource requirements for specialist education support in order to ensure that young people are able to receive the support they require. This could support their future job prospects. A small reduction in the workforce in the Monmouthshire specialist teacher team (CYP S1) could have a negative impact on the support received by some children and young people.	Wherever possible, posts that are deleted will be vacant posts, reducing the number of compulsory redundancies necessary.

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 resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Tacking climate change is one of the biggest priorities of our organisation. This budget recognises the need for increased spending in a number of areas that will enable us to continue this work. As part of the proposal to lease Old Station Tintern to a commercial operator, the potential impact on the biodiversity of Old Station Tintern needs to be considered and requirements of the new operator to have adequate ecological expertise assessed (MLS7).	To specify within the terms of the lease the necessary ecological expertise and understanding of responsibilities for Old Station Tintern (MLS 7).
A healthier Wales People's physical and mental wellbeing is maximised, and health impacts are understood	Our Community and Corporate Plan commits us to taking action to create healthy and sustainable places where the health inequalities that exist within and between communities have been reduced. The budget continues to invest in a wide range of services that make it possible for us to achieve this. A number of proposals which involve redundancies may have a negative impact on the mental health of those staff affected. This may also affect the well-being of remaining staff due to additional workload and pressure. We are applying stringent checks to ensure only essential vacancies are advertised. This will help minimise any redundancies. Reducing some services, for example Borough Theatre hours (MLS1) and youth service provision (MLS4) may also have a negative impact on the	Where staff are put at risk of redundancy, measures will be put in place to help them, such as guaranteed interviews for internal posts for suitable candidates and employment and skills support.

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?
	mental health of the users of those services, as well as staff and volunteers. A number of pressure proposals also require investment in order to maintain existing levels of service in social care and health which will have a positive impact on well-being (e.g. SCH P1, P2, P4).	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	We are committed to investing in a range of services that contribute to our policy aspirations for Monmouthshire to be a thriving safe and well-connected county where people feel part of their community. Finding ways to ensure that the Grass Routes service (C&P8) remains viable could make a positive contribution towards enabling older people to stay in their homes and communities. Grass Routes is an important way of connecting rural communities with local services.	The decision to maintain opening hours at our community hubs will protect face-to-face counter service in our largest towns, something that is valued by many people as these services provide a vital safety net for vulnerable people alongside the provision of universal services for the whole community (MLS 3)
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Our commitment to tackling climate change by decarbonising our operations is a small part of a wider global effort. A number of service areas will see an additional investment as a result of these proposals. This includes recycling (C&P5) and transitioning to low emission fleet (C&P4), ensuring that services that reduce our climate emissions are able to be maintained.	None identified at this stage

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 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	As part of our commitment to making Monmouthshire a thriving and ambitious place we are continuing to support Monmouthshire's towns and visitor attractions making them accessible and welcoming where amenities, events and experiences are attractive for residents, visitors and businesses. Sometimes we have to make changes and look to different ways to keep services running but we continue to think differently keep services operating. As part of the proposal to lease Old Station Tintern to a commercial operator, the potential impact on the cultural and heritage assets of Old Station Tintern needs to be considered and requirements of new operator to have adequate heritage expertise assessed (MLS7).	To specify within the terms of the lease the necessary heritage expertise and understanding of responsibilities for Old Station Tintern (MLS 7).
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Tackling inequalities, working with and alongside our communities is one of the absolute priorities of the council. This is enshrined in the budget principles within the Medium Term Financial Strategy which are the cornerstone of the budget. See Protected Characteristics and Socio-Economic Duty sections above for further details.	Each proposal within the budget is assessed to identify the effects on the most vulnerable in our society. Where we identify changes could have a disproportionate adverse effect on those with protected characteristics or who suffer socio-economic disadvantage we have taken that into account and sought to mitigate the effect by refining the proposals as we have gone along. See Protected Characteristics and Socio-Economic Duty sections above for further details.

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?
 Long Term Balancing short term need with long term and planning for the future	The requirement for short term financial savings may have an impact on the ability to deliver quality services in the long term. For a number of posts and workstreams across all directorates there is an increasing reliance on grant-funded posts and projects, these are often for fixed term periods in the shorter term. This can be a challenge to their longer-term viability.	Wherever possible, proposals are only reducing service levels (e.g. by reducing opening hours or staffing) rather than closing services. This ensures that core services can still be continued in the long term. The Council has developed a Medium-Term Financial Strategy, this provides the strategic framework to guide medium term financial planning. This will help ensure a focus on the council's long-term policy objectives and its financial capacity.
Collaboration Working together with other partners to deliver objectives	For many of the budget proposals, partnership working is key to being able to continue delivering services. Some of the proposals will require closer working with partners and businesses to ensure that the proposal is delivered effectively without negatively impacting services (e.g. MLS7 Old Station and CEO4 Systems and Payroll automation)	Clear expectations and communication established with all partners we collaborate with.
Involvement Involving those with an interest and seeking their views	We are committed to working with and alongside our communities to shape the future of the council and the communities it serves. Individually, some of the budget proposals have been subject to consultation to assess the impact on service users. For other proposals, this engagement has not yet taken place or is planned at the same time as the budget engagement process.	Ensure that proposals and the accompanying Integrated Impact Assessments are updated as a result of any further consultation and engagement. The decision to maintain opening hours at our community hubs, following public consultation shows that Cabinet have listened to the views of communities.

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?
	Overall, these proposals have formed part of the budget consultation and were subject to a full and extensive public consultation and engagement exercise.	
Putting resources into preventing problems occurring or getting worse	Wherever possible, proposals aim to prevent problems occurring or getting worse (e.g. Children social care (SCH S7) and Adults social care (SCH S3) practice change). With the scale of savings that are needed, some proposals may impact on the council's ability to maximise preventative work, which may lead to challenges in the future. Examples of this include in social care where high-cost placements or packages of care impact on the services ability to turn resources to prevention and community based enabling support (SCH P1). Also, the small reduction in the workforce in education (CYP S1) could have a negative impact on this service working in a preventative manner with an early intervention focus to supporting children and young people.	Wherever possible, posts that are already vacant are those that are being proposed to be removed, meaning that the impact of the reduction in staffing is lower. However, teams across the council are already under pressure, and not replacing vacant posts could mean the council is less able to be proactive and preventative. Increased demand, the fragility of the social care sector and the availability of care staff remains a key risk for Adult Social Care although some of these issues are outside the Council's direct control to address. Alongside the budget proposals, work is being undertaken to develop the council's preventative approach in social care.

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?
Integration Considering impact on all wellbeing goals together and on other bodies	The council works across multiple areas and many of these proposals can have positive and potentially negative impacts on one another. It is important that as individual proposals are developed, we seek to balance competing impacts and fully consider the impacts that proposals will have on other organisations.	Use of this Cumulative Impact Assessment will help to identify overall impacts of proposals in an integrated way, as well as assessing specific proposals individually.

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

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

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

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

Data sources include for example:

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

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

Where an individual budget proposal could alter a service, or the way it is delivered, an Integrated Impact Assessment has been completed.

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

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

What are you going to do	When are you going to do it?	Who is responsible
Existing actions have been identified within individual assessments.	As per budget proposal impact assessments	As per budget proposal impact assessments

10. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision-making process. It is important to

keep a record of this process to demonstrate how you have considered and built into equality and future generations considerations wherever possible.

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
0.3	Strategic Leadership Team and Cabinet	Ongoing during development of proposals	Amendments made within the form
1.0	Draft budget proposals 2025/26	22 January 2025	
2.0	Cabinet consideration of budget proposals following consultation	Scheduled for 5th March 2025	Removal of proposed Community Hubs saving following public consultation.

Part 2 - The Cumulative Financial Impact

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

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

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

Cumulative Financial Impact – Before and after mitigating actions.

Household	Income	Forecast Cost *after* mitigation (percentage of income shown in brackets)	Initial proposed increase *before* mitigation (percentage of income shown in brackets)	The amount of money our mitigating measures reduced costs by
Household 1- 2 Adults, 2 Dependent Children, 1 Older Person	£34,000	£424.18 (1.3%)	£1,529.96 (4.5%)	£1,105.78
	£49,000	£489.96 (1.0%)	£1,529.96 (3.1%)	£1,040.00
	£56,000	£489.96 (0.9%)	£1,529.96 (2.7%)	£1,040.00
	£70,000	£489.96 (0.7%)	£1,529.96 (2.2%)	£1,040.00
Household 2 – 2 Adults, 2 Dependent Children	£22,000	£180.18 (0.8%)	£245.96 (1.1%)	£65.78
	£34,000	£245.96 (0.7%)	£245.96 (0.7%)	-
	£37,000	£245.96 (0.7%)	£245.96 (0.7%)	-
	£59,000	£245.96 (0.4%)	£245.96 (0.4%)	-
Household 3 –	£17,000	£114.40 (0.7%)	£245.96 (1.5%)	£131.56
	£22,000	£180.18 (0.8%)	£245.96 (1.1%)	£65.78

Household	Income	Forecast Cost *after* mitigation (percentage of income shown in brackets)	Initial proposed increase *before* mitigation (percentage of income shown in brackets)	The amount of money our mitigating measures reduced costs by
1 Adult, 2 Dependent Children	£28,000	£213.07 (0.8%)	£245.96 (0.9%)	£32.89
	£37,000	£213.07 (0.6%)	£245.96 (0.7%)	£32.89
Household 4 – 2 Adults (both aged below 66)	£22,000	£84.18 (0.4%)	£149.96 (0.7%)	£65.78
	£34,000	£149.96 (0.4%)	£149.96 (0.4%)	-
	£37,000	£149.96 (0.4%)	£149.96 (0.4%)	-
	£59,000	£149.96 (0.3%)	£149.96 (0.3%)	-
Household 5 – 2 Adults (both aged over 66)	£22,000	£553.78 (2.5%)	£1,659.56 (7.5%)	£1,105.78
	£24,000	£619.56 (2.6%)	£1,659.56 (6.9%)	£1,040.00
	£37,000	£619.56 (1.7%)	£1,659.56 (4.5%)	£1,040.00
	£49,000	£619.56 (1.3%)	£1,659.56 (3.4%)	£1,040.00
Household 6 – 1 Older Person	£12,000	£244.00 (2.0%)	£1,415.56 (11.8%)	£1,171.56
	£17,000	£244.00 (1.4%)	£1,415.56 (8.3%)	£1,171.56
	£22,000	£309.78 (1.4%)	£1,415.56 (6.4%)	£1,105.78
	£37,000	£342.67 (0.9%)	£1,415.56 (3.8%)	£1,072.89
Household 7 – 1 Younger Person (working age)	£15,000	£18.40 (0.1%)	£149.96 (1.0%)	£131.56
	£22,000	£84.18 (0.4%)	£149.96 (0.7%)	£65.78
	£28,000	£117.07 (0.4%)	£149.96 (0.5%)	£32.89
	£37,000	£117.07 (0.3%)	£149.96 (0.4%)	£32.89

The proposed Council Tax increase of 7.8% will result in an additional monthly cost of £131.56 on a Band D property. If a household is on a low income, they may be eligible for the Council Tax Reduction Scheme which would reduce their Council Tax bill.[1] This is calculated on individual circumstances and the entitlement varies; the model includes reductions of 50% and 100% for certain household incomes. It also includes a 25% single persons discount attributed to some income bands in relevant households. It is unlikely that someone on a low income would be paying for social care and there is a £100 weekly cap for care at home. As incomes rise it would be expected that many households will be living in more expensive properties and would be paying higher rates of council tax. A breakdown of the charges and methodology used to produce the table above can be found in appendix 2.

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

For a household with an income of £34,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £424.18 equating to 1.3% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £1,529.96 or 4.5% of their total income.

For households with incomes of £34,000, £37,000 and £59,000 the mitigated increased fees and charges equate to 1.0%, 0.9% and 0.7% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 3.1%, 2.7% and 2.2%.

One of the largest increases would be the possible increased cost of community meals, based on the older person within the household receiving 5 meals a week for a year. Social care charges have also been considered for the older person within the household, modelling a £1,040 annual increase based on 5 hours of care a week. However, the increase in cost will be completely mitigated for those receiving more than 5 hours of care a week due to the weekly cap of £100. The use of a five-hour care package has been used as part of the cumulative impact assessment modelling by this authority for many years and is retained for the purposes of consistency. However, this is below the average care package in Monmouthshire, therefore the numbers of household requiring less than 5 hours of care a week is small – which means the increase across all households will be mitigated for the vast majority of those receiving care.

The proposed £10 annual charge for the Grass Routes membership scheme has also been modelled. A council tax reduction has been modelled against the lowest income threshold, as the model assumes the older person within the household would be receiving pension credit. Other charges modelled for all income bands are: proposed increases in concessionary home to school transport for both children, an increase in car parking charges, and residential street parking permit charges for the household.

Household 2 - 2 Adults, 2 Dependent Children
For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £180.18 equating to 0.8% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £245.96 or 1.1% of their total income.

For households with an income of £34,000, £37,000 and £59,000 the increased fees and charges would be 0.7%, 0.7% and 0.4% of their total annual income respectively. There are no changes in costs on these income groups resulting from the mitigations put in place.

It has been modelled that the lowest household income will be eligible for the council tax reduction scheme at 50%, which would mitigate the 7.8% annual increase of £131.56 to £65.78. The non mitigated increase would constitute 1.1% of income for a household income of £22,000. For a household income of £34,000 it would be 0.7%. The percentage of income would be 0.7% and 0.4% for households with incomes of £37,000 and £59,000, respectively.

For this household, proposed increased charges have been modelled for concessionary seats on home to school transport (+£48 per child for a year) as well as proposed increases in car parking and residential street parking permit charges.

Household 3 - 1 Adult, 2 Dependent Children
For a household with an income of £17,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £114.40 equating to 0.7% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £245.96 annually or 1.1% of their total income.

For households with incomes of £22,000, £28,000 and £37,000 the increased fees and charges equate to 0.8%, 0.8% and 0.6% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 1.1%, 0.9% and 0.7%.

Although the income for this household is likely to be less than that of the 2 Adult with 2 Children household, the increases in fees and charges on the household are very similar for the equivalent income bands, with a modelled £245.96 increase in annual costs before mitigations. This equates to 1.5% for a household with an income of £17,000. Whilst households with incomes of £22,000, £28,000 and £37,000 would see increases of 1.1% and below. Lower income bands have been included within the model to reflect the possibility of low-income single earner households.

For those earning £22,000 and under, mitigations have been included in the model due to the likelihood of their eligibility for the council tax reduction scheme. The lowest income band (£17,000) has a 100% reduction that negates the 7.8% modelled increase, whereas the £22,000 income household has a 50% reduction which would see an increased cost of £65.78 rather than £131.56. The higher income bands for the household composition have been attributed a 25% single persons discount (£98.67 increase compared to the full £131.56). The mitigated cost would be 0.7% for the £17,000 and 0.8% for the £22,000 income households, this is similar to the higher income bands, with the £28,000 household seeing a 0.8% rise and a 0.6% increase for households with an income of £37,000. For this household, the proposed increased charges have also been modelled for concessionary seats on home to school transport for both children alongside proposed increases in car parking and residential street parking permit charges.

Household 4 - 2 Adults (working age)
For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £84.18 equating to 0.4% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £149.96 or 0.7% of their total income.

For households with incomes of £34,000, £37,000 and £59,000 the increased fees and charges equate to 0.4%, 0.4% and 0.3% of their total annual income respectively. There are no changes on these income groups resulting from the mitigations put in place.

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

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

Household 5 - 2 Adults (both aged over 66)
For a household with an income of £22,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £553.78 equating to 2.5% of their total income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £1,659.56 or 7.5% of their total income.

For households with incomes of £24,000, £37,000 and £49,000 the increased fees and charges would be 2.6%, 1.7% and 1.3% of their total annual income respectively.

This is one of the largest percentages in the model. Should the household currently be at the £100 weekly social care cost cap, the model shows a 2.5% increase in costs for a £22,000 income household.

Most of the increase in cost is from the proposed annual increase in social care costs, the model is based on 5 hours care received per week, for 52 weeks a year which equates to a £1,040 increase per year. There is a mitigated cost of a £100 cap per week which would mean that the household is already at this limit if they are receiving 5 or more hours a week and would therefore see no additional increase in cost. An increase of £468 per year could also result from community meal charges – based on an assumption that both members of the household would receive 5 meals a week from the service. The proposed £10 annual charge for the Grass Routes membership scheme has also been modelled for both members of the household.

At the lowest income for this household modelled, £22,000, there is a modelled potential mitigated cost for council tax of £65.78 - which is an example of a 50% discount, which could be provided via the council tax reduction scheme. Alongside the charges noted above, the model includes a full council tax increase of 7.8% for all but the lowest income household, which would be £131.56 based on a Band D property.

Household 6 - 1 Older Person

For a household with an income of £12,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £244.00 equating to 2.0% of their total annual income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £1,415.56 or 11.8% of their total annual income. This income figure is used as it is broadly in line with the state pension.

For households with incomes of £17,000, £22,000 and £37,000 the increased fees and charges equate to 1.4%, 1.4% and 0.9% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 8.3%, 6.4% and 3.8%.

The model shows potential mitigations in place for this household, including example potential council tax mitigations of 100% for the two lowest income bands and a 50% reduction for the £22,000 income household (an increase of £65.78 rather than £131.56). The £37,000 household has a 25% single persons discount allocated. This household could incur the increased costs for adult social care, the potential mitigation for the household of the social care cap being reached would limit, or could remove, as modelled, any increase in non-residential care fees. At all income levels the household could incur the potential increased cost for community meals and the Grass Routes membership scheme.

Household 7 - 1 Younger Person (working age)

For a household with an income of £15,000, the potential impact on their income from the increased fees and charges is an increased annual spend of £18.40 equating to 0.1% of their total annual income. The mitigations put in place have ensured that this impact has been reduced from a potential figure of £149.96 or 1.0% of their total income.

For households with incomes of £22,000, £28,000 and £37,000 the increased fees and charges equate to 0.4%, 0.4% and 0.3% of their total annual income respectively. The mitigations put in place have ensured that this has reduced from 0.7%, 0.5% and 0.4%.

All modelled income levels for this household have council tax reduction applied, of either a full or a 50% reduction, or single person discount of 25% applied. The single persons discount of at least a 25% reduction in Council Tax increase would see the 7.8% council tax increase resulting in a £98.67 cost per year rather than £131.56. Proposed increases in car parking and residential street parking permit charges have also been modelled.

Appendix 1 -The Legal Context

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

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

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

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

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

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

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

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

Appendix 2 – Cumulative Financial Impact methodology

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

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

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

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

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

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

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

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

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

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

In April 2025, the full new State Pension will rise by £9.05 to £230.25 a week, which will provide an additional £470 a year. The full basic State Pension will also increase to £176.45 a week, an increase of £6.95 as week and £360 annually.[2] The annual level of benefit cap for couples (with or without children) or single claimants with a child of qualifying age is £423.46, equating to £22,020 per year.[3]

Data on income levels will continue to change as wage levels vary, the figures used provide an approximate indication. The National Living Wage is currently £11.44 per hour for those aged 21 and over. For someone working 35 hours per week, this equates to approximately £20,820.80 per year. For someone working 27 hours per week this is approximately £16,061,76 per year. This rate is due to rise to £12.21 per hour from April 2025 for those aged 21 and over[4]. For someone working 35 hours per week, this equates to around £22,222,20 per year. For someone working 27 hours per week, this equates to approximately £17,142.84 per year. Those who are aged 18-20 will be entitled to receive £10.00 per hour, equating to approximately £18,200 per year for those who work 35 hours per week.

As at the financial year 2021-22, 48.2% of lone parents in the UK are employed part-time, and over 3 in 10 are not employed (economically inactive). Women with children are more likely to work part-time, term-time or flexible working hours, compared to fathers or those without children. 47.1% of two parent families have one parent working full-time, and the other working part-time.[5] Average weekly hours of work for part-time workers in the UK is 16.8 hours.[6]

A person is commonly deemed to be in poverty if their household falls below 60% of the UK median household income. The latest data shows the UK median household income is £34,500 (ONS).[7] 60% of this equates to £20,700. The (provisional) figure for median weekly earnings per household is £717.90 in Monmouthshire according to the ONS, this would aggregate to an annual income of £37,331.[8]

Fees and charges

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

Fees and charges	Increase	Mitigation		2 Adults 2 Dependent Children 1 Older Person	2 Adults 2 Dependent Children	1 Adult 2 Dependent Children	2 Adults (working age)	2 Adults (both 66+)	1 Older Person (66+)	1 Younger Person (working age)
Council Tax	7.8% (£131.56 for Band D property)	Single persons discount (-25%) or Council tax reduction scheme (100% discount or 50% discount) modelled for each Household (HH)	T	£131.56	£131.56	£131.56	£131.56	£131.56	£131.56	£131.56
			M	£65.78 (for lowest income HH)	£65.78 (for lowest income HH)	£0 (for lowest income HH) £65.78 (for £22,000 income HH) £98.67 (Single persons discount)	£65.78 (for lowest income HH)	£65.78 (for lowest income HH)	£0 (for lower income bands) £65.78 (for £22,000 income HH) £98.67 (Single persons discount)	£0 (for lowest income bands) £65.78 (for £22,000 income HH) £98.67 (Single persons discount)
Concessionary home to school transport	£48 per person	Cost can be spread over the academic year	T	£96.00	£96.00	£96.00	-	-	-	-
			M							
			T	£10.40	£10.40	£10.40	£10.40	-	-	£10.40

Car parking charges	10% for 2 hour stay (£0.20)	Blue badge holders can park for free	M							
Grass Routes bus scheme annual membership	£10 per year	None	T	£10.00	-	-	-	£20.00	£10.00	-
			M							
Community meals	£0.90 per meal	None	T	£234.00	-	-	-	£468.00	£234.00	-
			M							
Non-residential Social care fees	20% (£4 per hour)	Total based on 5 hours of care a week	T	£1,040	-	-	-	£1,040	£1,040	-
		Mitigated based on 5 hours or more a week is already at the maximum weekly cost cap of £100, therefore no increase in charge would apply.	M	£0				£0	£0	
Residential street parking permit	10% (£8 per year)	None	T	£8.00	£8.00	£8.00	£8.00	-	-	£8.00
			M							

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

Fee and Charge	**Increase**	**Rationale for increase**
Council Tax	7.8% (£131.56 per Band D property)	7.8% increase on a Band D property as per budget proposal. Mitigations have been added to some households based on income and composition. These include a modelled 25% discount on the 7.8% increase (single persons discount). Applying the possible eligibility for the Council tax reduction scheme to the lower income households, a 50% or 100% mitigated cost has been applied to some households based on the income levels modelled. This is an example only, the scheme is calculated on individual circumstances and the entitlement varies.
Concessionary home to school transport	£48 per person	Cost has been listed against all households with children
Car parking charges	£0.20 - 2 hour stay	Cost has been modelled for a single 2 hour stay per week per household
Grass Routes bus scheme annual membership	£10 per year	Cost has been applied to the households with older people, with a subscription per older person in the household.
Community meals	£0.90 per meal	Model includes costings for 5 meals per week for 52 weeks. Costs are attributed to households with older people, with the 5 meals per week for every older person in the household.
Non-residential social care fees	£4 per hour	Cost have been modelled for 5 hours of care per week, which is consistent with previous cumulative financial impact modelling. Due to the £100 maximum weekly charge cap, any increase in cost will be mitigated due to the cap being reached - 5 hours at £20 in 2024/25, costs £100 and 5 hours at £24 in 2025/26 would cost £120 which would exceed the cap and therefore the £20 increase would be mitigated.
Residential street parking permit	£8 per year	Cost has been added for a single parking permit per household. Where a household has a grass routes subscription, this charge has not been applied.

[1] https://www.monmouthshire.gov.uk/home/counciltaxandbenefits/
[2] Benefit and pension rates 2025/26 Benefit and pension rates 2025 to 2026 - GOV.UK
[3] Benefit and pension rates 2025/26 Benefit and pension rates 2025 to 2026 - GOV.UK
[4] National Minimum Wage Rates National Minimum Wage and National Living Wage rates - GOV.UK (www.gov.uk).
[5] Families and the labour market, 2021 Families and the labour market, UK - Office for National Statistics (ons.gov.uk).
[6] Hours worked by part-time workers Average actual weekly hours of work for part-time workers (seasonally adjusted) - Office for National Statistics (ons.gov.uk).
[7] Average household income UK Average household income, UK - Office for National Statistics (ons.gov.uk).
[8] Average (median) gross weekly earnings by Welsh local areas and year Average (median) gross weekly earnings by Welsh local areas and year (£) (gov.wales).

Appendix E - Reserves usage 2025/26 and Forecast reserve balances

Budgeted revenue reserve usage 2025/26					
	Forecast 01/04/2025	Contributions To (Revenue)	Contributions From (Revenue)	Contributions From (Capital)	Forecast 31/03/2026
	£000's	£000's	£000's	£000's	£000's
Council Fund (Authority)	10,388				10,388
School Balances	-6,144				-6,144
Sub Total Council Fund	**4,244**	**0**	**0**	**0**	**4,244**
Specific Earmarked Reserves:					
Invest to Redesign	1,236	0	0	0	1,236
IT Transformation	254	0	-4	-103	147
Insurance and Risk Management	925	0	0	0	925
Capital Receipt Generation	314	0	0	0	314
Treasury Equalisation	590	0	0	0	590
Redundancy and Pensions	681	0	-88	0	593
Capital Investment	625	0	0	0	625
Priority Investment	257	0	-230	0	27
Total Specific Reserves	**4,881**	**0**	**-322**	**-103**	**4,456**
Partnership Reserves	1,898	50	-200	0	1,748
Other Service Reserves	734	1,818	0	0	2,552
Council tax premium	502	615	-253	0	865
Total Service & Partnership Reserves	**3,135**	**2,483**	**-453**	**0**	**5,165**
Total useable revenue reserves	**12,260**	**2,483**	**-775**	**-103**	**13,865**

Usable Revenue reserve forecast					
Financial year ending	**2025**	**2026**	**2027**	**2028**	**2029**
Council Fund (Authority)	10,388	10,388	10,388	10,388	10,388
School Balances	-6,144	-6,144	-6,144	-6,144	-6,144
Sub Total Council Fund	**4,244**	**4,244**	**4,244**	**4,244**	**4,244**
Specific Earmarked Reserves:					
Invest to Redesign	1,236	1,236	1,236	1,236	1,236
IT Transformation	254	147	44	-59	-162
Insurance and Risk Management	925	925	925	925	925
Capital Receipt Generation	314	314	314	314	314
Treasury Equalisation	590	590	590	590	590
Redundancy and Pensions	681	593	505	417	329
Capital Investment	625	625	625	625	625
Priority Investment	257	27	27	27	27
Total Specific Reserves	**4,881**	**4,456**	**4,265**	**4,074**	**3,883**
Sub-Total Partnership Reserves	1,898	1,748	1,623	1,673	1,723
Sub-Total Other Service Reserves	734	2,552	2,580	2,608	2,636
Sub-Total Council tax premium	502	865	1,252	1,664	2,102
Total Service & Partnership Reserves	**3,135**	**5,165**	**5,455**	**5,945**	**6,461**
Total useable revenue reserves	**12,260**	**13,865**	**13,964**	**14,263**	**14,589**

Appendix F – Revenue budget service groupings

Directorate	Services
Learning, Skills & Economy	Individual school budgets School improvement Supporting children with Additional Learning Needs Economy, Employment & Skills Emergency Planning
Social Care, Health & Safeguarding	Adult's social care Children's social care Safeguarding services to vulnerable children and adults Public protection Trading standards Licencing Registrars
Infrastructure & Place	Waste and recycling Grounds maintenance Highways maintenance Streetlighting Passenger transport Fleet maintenance Schools catering Planning & building control Car parks Civil parking enforcement Traffic & road safety Highways design & development Flooding Decarbonisation Housing & homelessness Regeneration
Resources	Finance Procurement Corporate Health & Safety ICT Estates Property services Commercial activities
Law & Governance	Member support Democratic services

	Legal services Land charges
People, Performance and Partnerships	Welsh language Equalities Training Human Resources & Payroll Complaints Scrutiny Performance & Data Partnerships
Customer, Culture and Wellbeing	Tourism Economic development Countryside Access and Rights of way Leisure Services Sports Development Play Outdoor Adventure Service Active Travel Youth Service Cultural & Heritage services Attractions Markets Borough Theatre Communications & Engagement Contact centre Community Partnership Community hubs Library Services Community learning
Corporate Costs	Precepts & levies Insurances Non-allocated costs
Financing	Core Welsh Government funding (AEF) Council tax income
Treasury & Reserves	Capital financing costs Contributions to/from earmarked reserves

Appendix G - Responsible Financial Officers Opinion

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

Robustness of the budget process

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

- The budget has been produced within the framework of the approved Medium Term Financial Strategy (MTFS). The use of scenario planning has ensured that the budget is developed in a prudent and flexible way, highlighting the risk faced by the Council as a result of proposed changes in funding and increasing cost pressures, and offering some choice in how resources are prioritised and risk is mitigated.

- The Councils financial management arrangements are clearly defined within the Constitution and Financial Procedure Rules. Strategic Leadership Team oversight and regular reporting together with internal audit reviews and Scrutiny committee challenge ensures that officers across the Council are held accountable for the budgets that they are responsible for.

- Additional training and further development of financial and performance benchmarking data will strengthen these arrangements.

- Cabinet ownership of budget principles and assumptions through the development of the Medium Term Financial Plan (MTFP) and budget proposals.

- Anticipating likely and known events through the modelling of appropriate indices for base costs.

- Applying rigour and challenge via Directorate Management Teams, Chief Officers, Strategic Leadership Team and Cabinet Member scrutiny.

- Comparing budget trends and intelligence by using 2023/24 outturn and 2024/25 budget monitoring data.

- Looking at benchmarking unit cost data for services against other authorities where necessary.

- Providing Scrutiny Committees with opportunity to look at and scrutinize budget monitoring, the in-year budget recovery plan and draft budget proposals, gaining an understanding of the budgets and allowing the committee to scrutinizing performance as well as proposed changes within the remit of their scrutiny committee.

- Providing Cabinet and Scrutiny Committees with the assumptions and sensitivity underlying the MTFP and budget.

- Consulting on budget proposals through face to face and virtual public meetings, the website and social media, and with key stakeholders.

- Communicating emerging Settlement considerations to Cabinet members.

- Being clear on risks and assumptions within budget proposals and recognising the corporate priorities of the Council and as set out in the Community and Corporate Plan, with reducing the impact of inequality on citizens and climate change on communities being central to all considerations.

- Ensuring all members are involved in the budget setting process by establishing that budget and Council Tax settings is a function of full Council.

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

Short-term budgetary Risks

1.4 The budget process for 2025/26 has been challenging, with some significant variables and uncertainties that will continue into the financial year. The risk that these present have been identified as part of the budget proposals and are also captured as part of the MTFP. Outlined below are the key risks and how they are being managed:

- Continued increase in demand and cost pressures facing services, particularly the increasing demand and complexity in social services, demographic changes such as increasing elderly population, changes in pupil numbers, increases in additional learning needs provision, and from homeless presentations. Where known pressures have been modelled and included in the budget process.

- A number of the savings proposals incorporated into the budget involve the generation of income, changes to current structures, systems and processes, consideration of alternative delivery models or have implications for service design involving community, other partners and entities. These savings involve higher levels of deliverability risk than those which broadly maintain current arrangements.

- The impact of any in-year (2024/25) overspend on revenue and capital budgets which would result in reduced levels of revenue reserves being carried forward.

- Significant recurrent cost pressures developing during in-year monitoring have been addressed in the 2025/26 budget proposals, and furthermore adjustments needed to be made in respect of approved savings previously put forward that are now not deemed deliverable. The pressures incorporated into the budget proposals for 2025/26 are based on the latest period 3 forecast. A risk remains going into the end of the financial year of increasing pressures, particularly in social care. The need for continued and robust monitoring is essential to ensure that there is cost control and continued efforts are made to refrain from non-essential spend.

- Late notification of grant funding streams being removed or reduced. There are still significant specific grant streams that the Council relies upon, that have either not yet been communicated by grant funding bodies, have been received late in the budget process or where the impact of notifications is awaiting further clarification. Any funding shortfalls will need to be managed on a case by case basis.

- Allowance of 2% non-pay inflation is afforded in the budget, however inflation rates have recently trended upward and some services still face discrete inflationary pressures where other external factors are influencing prices. There is an expectation that any cost pressure above allowance will need to be managed within overall directorate budgets.

- The risk of pay awards being greater than modelled budget assumptions and not being fully funded by UK and Welsh Government.

- Formal confirmation is still awaited from UK Government to confirm its full funding of the planned increase in the employer National Insurance rates for the public sector. There remains a risk that the quantum and allocation of funding is insufficient to meet the additional costs incurred directly within the Council's workforce, and indirectly through increased costs of commissioned services.

- Treasury estimates established in the budget are based on cashflows, timing of capital spend, forecast interest rate levels and capital receipts occurring as planned. Mitigation has already taken place through long term borrowing being undertaken at preferential rates in order to manage interest rate risk and fluctuations, along with a continued use of cash balances ahead of any external borrowing being taken.

- Whilst the Council is not placing a reliance on commercial income generation its commercial activities do naturally present commercial risks. Monitoring of Investment performance is carried out through the Performance and Overview Scrutiny Committee, and through budget monitoring reports.

- There are a significant amount of unbudgeted capital backlog pressures and aspirational investment plans which can impact on the Council's limited capital resources if policy commitments are made to add further to the capital programme or risks materialize and that require the Council to act to respond to failures in the operational nature of assets, such as the recent flood events in the County.

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

School reserve balances

1.6 The financial position within many schools continues to be impacted by rising costs and reduced funding in relation to both comparatively lower pupil numbers and constrained funding settlements. Schools have drawn significantly on their balances to manage budgets following a period of significant replenishment during and immediately after the pandemic. The recent period 3 forecast indicates cumulative school balances now forecast to move into a deficit of £6.1m by the end of the financial year, with 24 (69%) of schools now forecast to be in a deficit balance.

1.7 The current trajectory of budgetary overspends in schools is not sustainable and risks destabilizing the Councils financial stability and balance sheet resilience.

1.8 The final budget sees significant additional funding allocated to schools delegated budgets for 2025/26. This funding exceeds the level of increase seen in the councils overall funding and provides an additional £1m to schools on top of meeting all increased costs for pay,

increased employers national insurance contributions, and for increases in teachers' pensions.

1.9 Schools will now need to take corrective action with recovery plans agreed for those schools that move into deficit. These remain closely monitored and supported by the LEA and relevant Cabinet members. Work continues to assess the modelled impact of agreed budget recovery plans and future funding settlements to assess the medium-term impact on overall school balances.

1.10 Many schools have already proactively responded and are delivering on their financial responsibilities, but schools that have been slower to respond will face an even greater challenge to manage staff and wider resources within a more limited budget envelop.

Medium-term financial risks

1.11 Whilst the above risks in the 2025/26 budget have been identified, the main financial risks that influence the medium-term financial planning are as follows:

- The increasing challenges with sustaining and maintaining existing service delivery within available capacity and resources in line with the priorities outlined in the Council's community and corporate plan.

- The implications and impact on public services and that result from the longer-term impact of the cost of living and demographic changes within Monmouthshire's communities.

- The consequences of war and natural disasters globally and the impact that this has in supporting refugees and asylum seekers rightly having to be supported.

- The risk and uncertainty around funding settlements projected for the medium term. The UK Government has committed to a multi-year spending review which is hoped will result in multi-year settlements being provided by Welsh Government to give stability and certainty to the level of public spending over the medium term.

- The impact of higher interest rates and inflation brought about by a weak economic outlook, an uncertain global political climate, and wider international conflict, has the potential to impact on costs, income, and treasury budgets respectively, as well as communities more widely.

- The consequence of ongoing commitments and expectation to pay in line with National Living Wage and Real Living Wage.

- The financial, service and strategic implications of service redesign needed to deliver savings over the medium term and to allow the Council to transition itself onto a more sustainable financial footing.

- The national and local emphasis on carbon reduction and climate adaptation.

- The risks on the capital side are largely caused by limited capital receipts forecast over the medium term, placing an additional emphasis on borrowing going forward, at a time when revenue headroom to afford borrowing is limited.

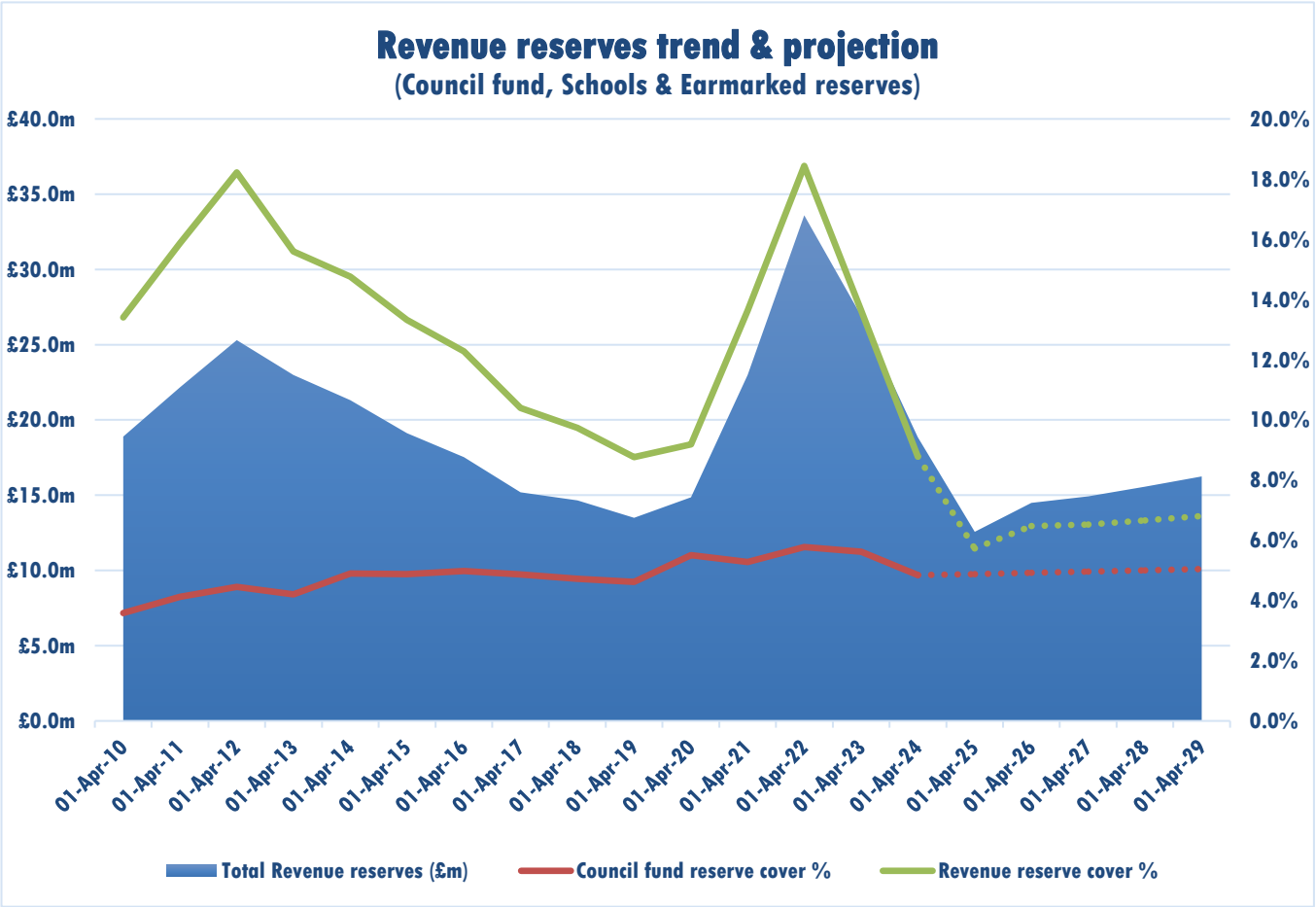
- The backlog of repair to highways, associated infrastructure and property remains a key risk identified in the capital strategy.

Adequacy of reserves

1.12 The importance of holding an appropriate level of reserves has been highlighted over the last few years with continued economic uncertainty testing Council's across the financial resilience. Cabinet were clear in their budget planning framework for 2025/26 that there is a need to progress the Council on a path towards financial sustainability including conserving an appropriate and prudent level of financial reserves.

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

1.14 The overall forecast level of revenue reserves is further impacted by the projected deficit in schools balances by the end of 2024/25 of £6.1m.



1.15 ***Council Fund:*** The level of the Council Fund reserve stood at £10.4m at the start of 2024/25, excluding delegated school balances. This represented 5% cover as a proportion of the Council's 2024/25 net revenue budget.

1.16 The final revenue budget proposals for 2025/26 do not include any use of the Council Fund reserve to balance the budget in line with the budget planning framework agreed by Cabinet. If the current reserve level is maintained, subject to outturn, this will represent 4.85% of net revenue budget for 2025/26. Crucially, the 2025/26 budget creates a budget

risk contingency which will sit alongside the Council fund as a measure of de-risking the overall budget.

1.17 The focus therefore turns to the uncertain economic outlook and future financial challenges facing the Council, and where the Council Fund and any budget contingency can help mitigate unknown impacts, such as those identified earlier in this assessment.

1.18 ***Schools reserve balances:*** School balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure.

1.19 The decline in school balances from the healthy surplus at the beginning of 2022/23 of £6.95m to the latest forecast deficit of £6.1m by the end of 2024/25 remains of concern.

1.20 It is clear from the budget recovery plans agreed that it will take schools a considerable amount of time to fully recover deficit balances, and that in addition to the £1m further investment in schools within this budget, the Council will need to take assessment of this financial risk within medium term financial planning.

1.21 ***Earmarked reserves:*** The final budget includes planned use of earmarked reserves in support of one-off revenue and capital expenditure of £775k. Earmarked reserve use is only planned to meet one-off costs and in line with a specific reserve's intended purpose and use.

1.22 Set alongside this is a planned contribution to earmarked reserves of £2.5m. The majority of this relates to specific funding streams for Council tax premiums and Waste risk management which will have strict criteria over their future use. Nevertheless, this will result in a welcomed increase in overall reserve levels to aid in balance sheet strength and resilience.

1.23 Over the medium term overall earmarked reserve levels are projected to remain stable. However, it should be noted that Monmouthshire's overall reserve cover as a percentage of net revenue budget is currently the lowest in Wales and therefore requires the reserves policy to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks. Improved budget management and discipline going forward will need to ensure that in-year over spends are quickly identified and to the extent they cannot be mitigated for in-year savings to be found.

1.24 ***Capital receipts:*** Useable capital receipts are forecast to reduce to minimal levels by the end of 2028/29 based on usage modelled within the current capital and revenue MTFPs, alongside the forecast future receipts.

1.25 Useable capital receipts provide a limited one-off resource to support financing of the capital programme. In recent years the Council has also made use of Welsh Government's guidance allowing flexible use of capital receipts to meet one-off costs associated with service reform. The Council has needed to make use of this flexibility since 2019/20, and plans to extend this support for 2025/26, after which time it will gradually be reversed over the medium term.

1.26 The continued use of capital receipts for revenue purposes is recognised as a necessary approach to support the Council to transition itself on to a more sustainable financial footing. However, this is not a sustainable approach in itself and has the added consequence of requiring the Council to fund any further and future capital investment through prudential borrowing where it cannot be met from other sources.

Conclusion

1.27 The Final Settlement provides the Council with an additional £6.3 million of funding for 2025/26 (after adjusting for transfers of specific grant into settlement), in addition to adjustments relating to 2024/25. This funding, alongside an increase in Council Tax aids in meeting the specific challenges in providing local services in a rural County such as Monmouthshire and goes a long way towards meeting the extra costs being faced by services.

1.28 Based on current UK Government spending plans, independent analysis indicates that increases to public services spending over the medium term is expected to tighten and that the UK Government spending review to be published in the summer will be challenging.

1.29 This currently points towards the 2026/27 budget round being more difficult, with the Council's programme of change remaining critical in ensuring that the Council can remain financially stable and sustainable in the longer-term.

1.30 The Council's operating model will have to change and services will have to adapt to remain affordable and sustainable. The role of collaboration, partnership, automation, and a sustained focus on productivity are all key within this.

1.31 Taking all the above into account, the Section 151 Officer concludes that the assumptions and data used in the budget proposals for 2025/26 are adequately robust, but that a heightened level of risk remains. Based on the assessment of the Council's reserves, the overall level is adequate, but at a minimum acceptable level considering the wider funding challenges facing Local Government, and the likely scale of savings and service change facing the Council over the medium term.

Jonathan Davies
Head of Finance (Acting S151 Officer)
Responsible Financial Officer

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Appendix H - Final Capital budget 2025/26 and indicative budget 2026/27 to 2028/29

Scheme	Final Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Expenditure	**£**	**£**	**£**	**£**
Property Maintenance	1,872,357	1,653,357	1,653,357	1,653,357
Property Maintenance Fees	236,194	236,194	236,194	236,194
County Farms Maintenance	300,773	300,773	300,773	300,773
Upgrade School Kitchens	39,725	39,725	39,725	39,725
Asset Management Schemes	**2,449,049**	**2,230,049**	**2,230,049**	**2,230,049**
Abergavenny 3-19 school	12,232,076	0	0	0
School Development Schemes	**12,232,076**	**0**	**0**	**0**
Carriageway major works	1,136,540	1,136,540	1,136,540	1,136,540
Carriageways & Structures - additional improvements	2,743,000	1,312,000	1,312,000	1,312,000
Safety fence upgrades	76,181	76,181	76,181	76,181
Footway Reconstruction	197,453	197,453	197,453	197,453
Reconstruction of bridges & retaining walls	449,041	449,041	449,041	449,041
Road safety & trafficman programme	161,508	129,508	129,508	129,508
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408
Flood Alleviation Schemes	30,427	11,427	11,427	11,427
Drainage & Gully works	375,000	375,000	375,000	375,000
Structural Repairs - Public rights of way	437,091	118,091	118,091	118,091
Survey's and Closures - Public rights of way	90,000	90,000	90,000	90,000
Ash Dieback/Dangerous Trees works	170,000	100,000	100,000	100,000
Infrastructure & Transport Schemes	**6,075,740**	**4,204,740**	**4,204,740**	**4,204,740**
Capital Region City Deal	730,200	730,200	730,200	730,200
S106 Schemes	287,524	0	0	0
Regeneration Schemes	**1,017,724**	**730,200**	**730,200**	**730,200**
Disabled Facilities Grant	900,000	900,000	900,000	900,000
Access for all - Schools	50,000	50,000	50,000	50,000
Access For All	250,000	250,000	250,000	250,000
Inclusion Schemes	**1,200,000**	**1,200,000**	**1,200,000**	**1,200,000**
ICT Hardware replacement	126,000	260,000	260,000	260,000
Network Estate replacement	100,000	50,000	50,000	50,000
SRS capital reserve contribution	61,000	61,000	61,000	61,000
Business world upgrade transition	40,000	0	0	0
Asset Management software transition	51,000	0	0	0
Ransomware & security	84,500	42,000	42,000	42,000
ICT Schemes	**462,500**	**413,000**	**413,000**	**413,000**
Vehicle Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Vehicles Leasing	**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**
Capitalisation Directive	3,707,500	2,357,500	1,357,500	0
Capitalisation Directive	**3,707,500**	**2,357,500**	**1,357,500**	**0**
Fixed Asset Disposal Costs	50,000	50,000	50,000	50,000
Match Funding of Grant applications	500,000	500,000	500,000	500,000
Contingency budget	0	560,000	560,000	560,000
Other Schemes	**550,000**	**1,110,000**	**1,110,000**	**1,110,000**
Total Expenditure	**29,194,590**	**13,745,490**	**12,745,490**	**11,387,990**

Funding	**£**	**£**	**£**	**£**
Supported Borrowing	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)
Unsupported Borrowing	(18,068,566)	(4,256,990)	(4,256,990)	(4,256,990)
Grants & Contributions	(3,333,524)	(3,046,000)	(3,046,000)	(3,046,000)
Reserve Funded	(103,000)	(103,000)	(103,000)	(103,000)
Capital Receipts	(3,757,500)	(2,407,500)	(1,407,500)	(50,000)
Vehicle Lease Financing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Funding	**(29,194,590)**	**(13,745,490)**	**(12,745,490)**	**(11,387,990)**

(Surplus) / Deficit	**0**	**0**	**0**	**0**

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Appendix I - 2025/26 Prudential Indicators

Capital Expenditure	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
Total	29.2	13.7	12.7	11.4

Capital Financing	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
External Sources (Grants & S106 Contributions)	3.3	3.0	3.0	3.0
Capital Resources (Capital Receipt and Reserves)	3.9	2.5	1.5	0.2
Borrowing & Other Debt (Including Leasing)	22.0	8.2	8.2	8.2
Total	29.2	13.7	12.7	11.4

Gross Debt Forecast Compared to CFR	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Debt (Inc. PFI, leases, right of use assets)	203.8	205.9	206.2	206.2
Capital Financing Requirement (Total)	234.4	234.4	234.5	238

Operational & Authroised Borrowing Limits	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Operational Boundry - Borrowing	248.2	264.1	265.6	267.2
Operational Boundry - PFI, Leases & Right of Use Assets	17.8	17.8	17.8	17.8
Operational /boundry - total external debt	**266.0**	**281.9**	**283.4**	**285.0**
Authorised Limit - Borrowing	263.6	279.5	281.0	282.6
Authorised Limit - PFI, Leases & Rights of Use Assets	18.8	18.8	18.8	18.8
Authorised Limits - Total External Debt	**282.4**	**298.3**	**299.8**	**301.4**

Proportion of Financing Costs to Net Revenue Stream	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Net Interest Payable	6.8	7.3	7.4	7.4
MRP	6.1	6.7	6.7	6.9
Total Financing Costs	**12.9**	**14**	**14.1**	**14.3**
Net Revenue Stream	215.8	227.1	238.6	250.4
Proportion of Net Revenue Stream %	**5.98%**	**6.16%**	**5.91%**	**5.71%**

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Strategy & Treasury Management Strategy 2025/26

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1. Executive Summary

Capital Strategy

1.1. The requirement for Local Councils to produce an annual Capital Strategy is outlined in the most recent update of the CIPFA Prudential Code, published in 2021.

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

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

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

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

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

Treasury Strategy

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

1.8. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the

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

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

1.10. **KEY PRINCIPLE 1**
Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

KEY PRINCIPLE 2
Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

KEY PRINCIPLE 3
They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

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

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

Appendix 1

2025/26 Capital Strategy

1. Introduction

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

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

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

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

1.5. The strategy highlights the key risks and considerations:

- The Council's medium term capital programme contains a substantial amount of borrowing, in particular until the end of 2025/26 as part of the financing package of the new King Henry school in Abergavenny. Whilst this is affordable and included in the medium term revenue budget considerations, it would be unsustainable to continue at a such a heightened borrowing level thereafter, especially given the current economic climate and ongoing pressures upon the Council's revenue budget.

- Within the context of significant demands for capital resources and limited availability, there is the need to develop and link our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer visibility and assessment of demand for maintenance of assets such as property, highways and other operational assets, as well as focussing on asset rationalisation.

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

- With the pool of useable capital receipts forecast to be at minimal levels at the end of the medium term financial plan period, the continued use of capital receipts for this purpose is recognised as necessary but will be required to be tapered down.

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

- The prudential indicators, including borrowing limits, are in line with the final budget proposals presented to Cabinet and Council in February 2024.

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

1.7. The strategy sets out:

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

2. The Prudential Code

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

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

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

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

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

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

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

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

2.6. **Governance & reporting**

2.7. The responsibility for decision making in respect of capital investment, investment and borrowing, and prudential indicators lies with full Council.

2.8. Council will approve the Capital strategy and the annual Treasury management strategy (including the investment strategy and MRP policy statement).

2.9. Council delegates responsibility for the detailed implementation, monitoring and scrutiny of capital investment consequences, including treasury management policy, strategy and practices to the Governance & Audit Committee.

2.10. The execution and administration of treasury management decisions is delegated the Section 151 officer or deputy, who will act in accordance with the policy and strategy and follow CIPFA's Standard of Professional Practice on Treasury Management.

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

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

3. Setting capital budgets

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

Table 1: Capital Medium Term Financial Plan

Scheme Type	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29
Asset Management Schemes	2,449,049	2,230,049	2,230,049	2,230,049
School Development Schemes	12,232,076	0	0	0
Infrastructure & Transport Schemes	6,075,740	4,204,740	4,204,740	4,204,740
Regeneration Schemes	1,017,724	730,200	730,200	730,200
Inclusion Schemes	1,200,000	1,200,000	1,200,000	1,200,000
ICT Schemes	462,500	413,000	413,000	413,000
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Capitalisation Directive	3,707,500	2,357,500	1.357,500	0
Other Schemes	550,000	1,110,000	1,110,000	1,110,000
Total Expenditure	**29,194,590**	**13,745,490**	**12,745,490**	**11,387,990**

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

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

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

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

Ref	Aspect	Indicative Rank
H&S	Health & safety works (life & limb works)	1
Legal	Legal & regulatory obligations	1
Rev	Allow a balanced revenue budget to be set, or a net deficit in revenue spending to be positively addressed	2
Corp	Deliver Community & corporate plan priorities	2
Third	Attract significant 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

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

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

3.3. All stakeholders must understand that paying for capital spending by borrowing only pushes the cost to revenue budgets over future years, but at the same time if capital maintenance works are put off then the total lifetime costs of keeping an asset are likely to go up. This effect is often hidden in medium term financial planning as asset lives are much longer than four years.

3.4. The capital programme includes yearly investment for property maintenance, highways maintenance, relevant specific capital grants and the future schools programme. This will help to deal with the most urgent backlog issues, focussing on worst condition first and related risk. However, estate rationalisation programs, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be used to reduce the backlog funding needed. This will not solve the specific total backlog but is a way of targeting the main issues in a reasonable way.

3.5. There might be other calls for capital funding for schemes that are not yet included in the overall programme. Any new schemes that come forward during the year will either need to be paid for by specific funding sources or represent a call upon any available programme under spends. It is important that capital spending stays at a reasonable level within the framework agreed and, therefore, ranking of capital spending is essential and needs to be affordable and sustainable in the long-term.

3.6. Frequent reviews of previously approved schemes that have been delayed will be carried out to ensure that they are still affordable within set budgets. This is especially important in the current economic situation of high inflation and supply chain disruption.

4. Capital financing requirement

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

Table 2: Capital financing

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

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

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

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

Table 3: CFR and related MRP charges in £m

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

4.5. The increase in capital expenditure, including that funded via other sources, will be a considerable operational challenge to achieve, as evidenced by the significant levels of slippage incurred over recent financial years. Therefore, it is important to recognise the possibility that the actual CFR may be lower than estimated by the end of the 2024/25 financial year, and in turn reducing the actual need to undertake external borrowing.

4.6. It is important that capital expenditure plans are realistic, as otherwise this can result in unnecessarily committing revenue resources towards capital financing budgets, which in turn restricts alternative investment in achieving service delivery aspirations.

5. Revenue budget implications

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

Table 4: Proportion of financing costs to net revenue stream

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

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

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

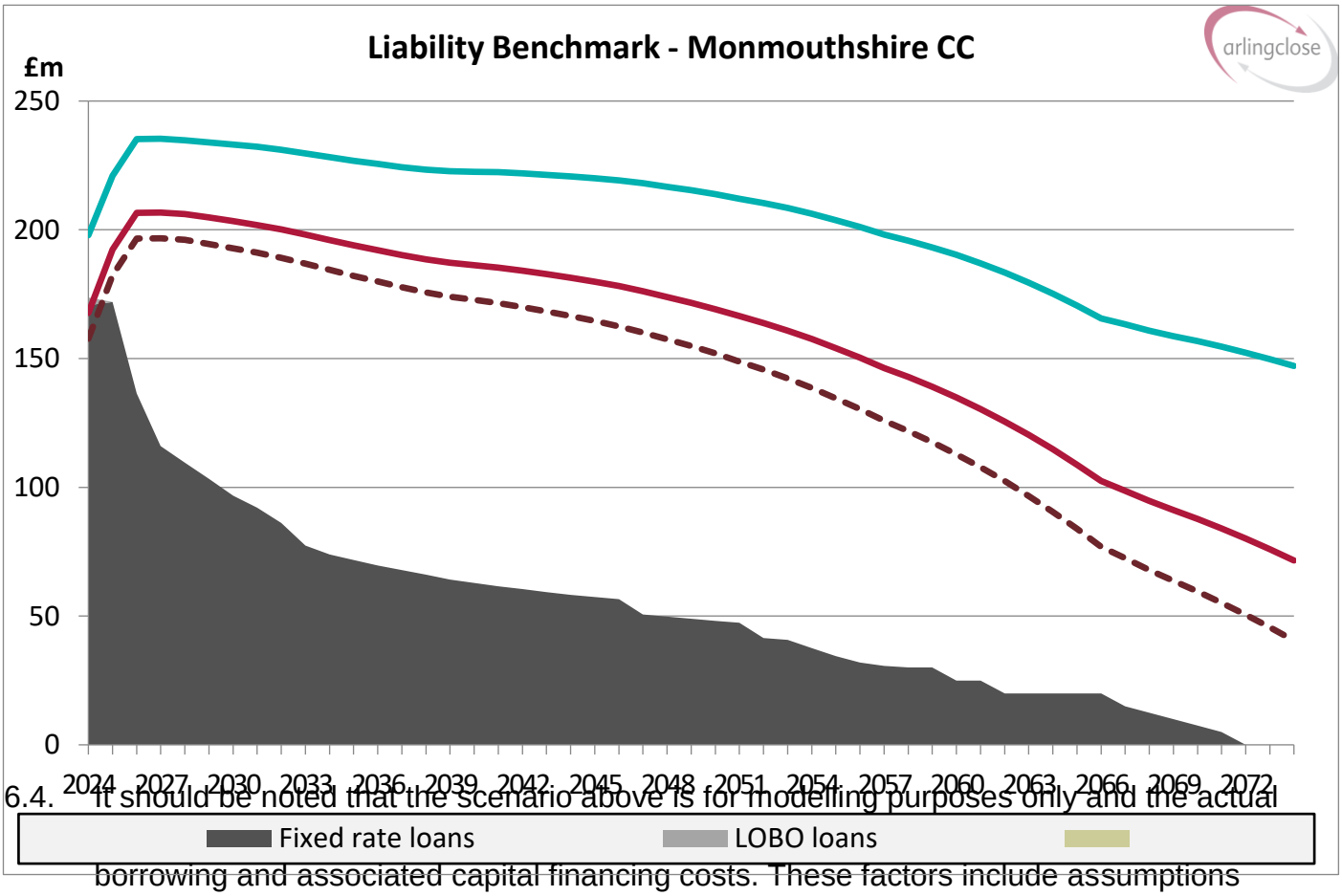
6. Long term capital financing projections

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

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

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

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



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

Ongoing Capital Programme Development

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

6.6. Alongside this, it is important to consider the requirement to maintain the 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 (AMS) sets out the strategic objectives for our land and property. The strategy sets out the way property will be managed and contribute to the policy objectives of the council. The Asset Management Strategy provides a clear vision of the future of property assets and management of their strategic performance.

7.2. Asset Management Strategy objectives:

- **A fit for purpose and collaborative estate** – providing assets necessary to deliver council services, in the right location, compliant and co-located where possible.
- **Be good role models for climate and nature practices** – manage our assets well, lowering our carbon footprint and promoting more sustainable practices.
- **Maximised and commercialised asset base** – generate more revenue and higher value outcomes (financial and non-financial) from sales of surplus assets.
- **Strengthen the enablement role of Landlord Services** – continue to support service objectives including job creation, tackling homelessness, constructing affordable homes, driving value for money.
- **Optimise social value from community assets** – support community assets equitably, transparently, and consistently.

7.3. MCC benefits from a diverse land and property portfolio that has delivered a commercial return over a number of years. There are over 1500 assets in MCC ownership which support different services and public needs.

7.4. In circumstances where property is deemed surplus to requirements and can be sold, the Disposal Strategy within the AMS provides the process by which this happens and considerations for doing so. To enable a consistent approach to the disposal of surplus land and property, the Disposal policy clarifies the circumstances within which the council will achieve its requirements for best consideration, whilst supporting the Council's objectives as per the Community & Corporate Plan and AMS.

7.5. The AMS acknowledges a need for assets to align to its five core objectives. In circumstances where properties are considered to not meet this criteria, have alternative development potential or can be rationalised to unlock capital receipts, the Council's Disposal Policy can be exercised to support the disposal of surplus assets.

7.6. When capital receipts are generated these can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts "flexibly" on service transformation projects under the Welsh Government flexible use of capital receipts policy. Repayments of capital grants, loans and investments also generate capital receipts.

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

Table 5: Forecast Capital receipts

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

7.8. Further specific details of planned asset disposals are reported regularly to Cabinet Members.

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

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

8. Treasury management

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

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

9. Borrowing strategy

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

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

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

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

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

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

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

10. Investment strategy

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

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

Governance

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

11. Investments for Service Purposes

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

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

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

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

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

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

12. Commercial Activities

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

12.2. Total commercial investments held by the Council are currently valued at £31.3m:

Table 7: Value of Commercial investments

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

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

Governance

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

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

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

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

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

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

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

13. Knowledge & skills

Internal expertise

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

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

External expertise

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

Members

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

Appendix 2

2025/26 Treasury Management Strategy

1. Economic background and forecasts for interest rates

1.1. **Economic background:** The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

1.2. The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.

1.3. The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).

1.4. ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI

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

1.5. The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

1.6. The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

1.7. Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

1.8. **Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

1.9. Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage

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

1.10. Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.

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

1.12. **Interest rate forecast (December 2023):** The Authority's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

1.13. Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

1.14. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

1.15. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.25%, and that new long-term loans will be borrowed at an average rate of 5.5%.

2. Local Context

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

Table 1: Current debt and investment levels

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

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

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

2.3. The Council has an increasing CFR due to the indicative capital programme, but minimal investments and will therefore be required to borrow additional sums over the longer term.

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

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

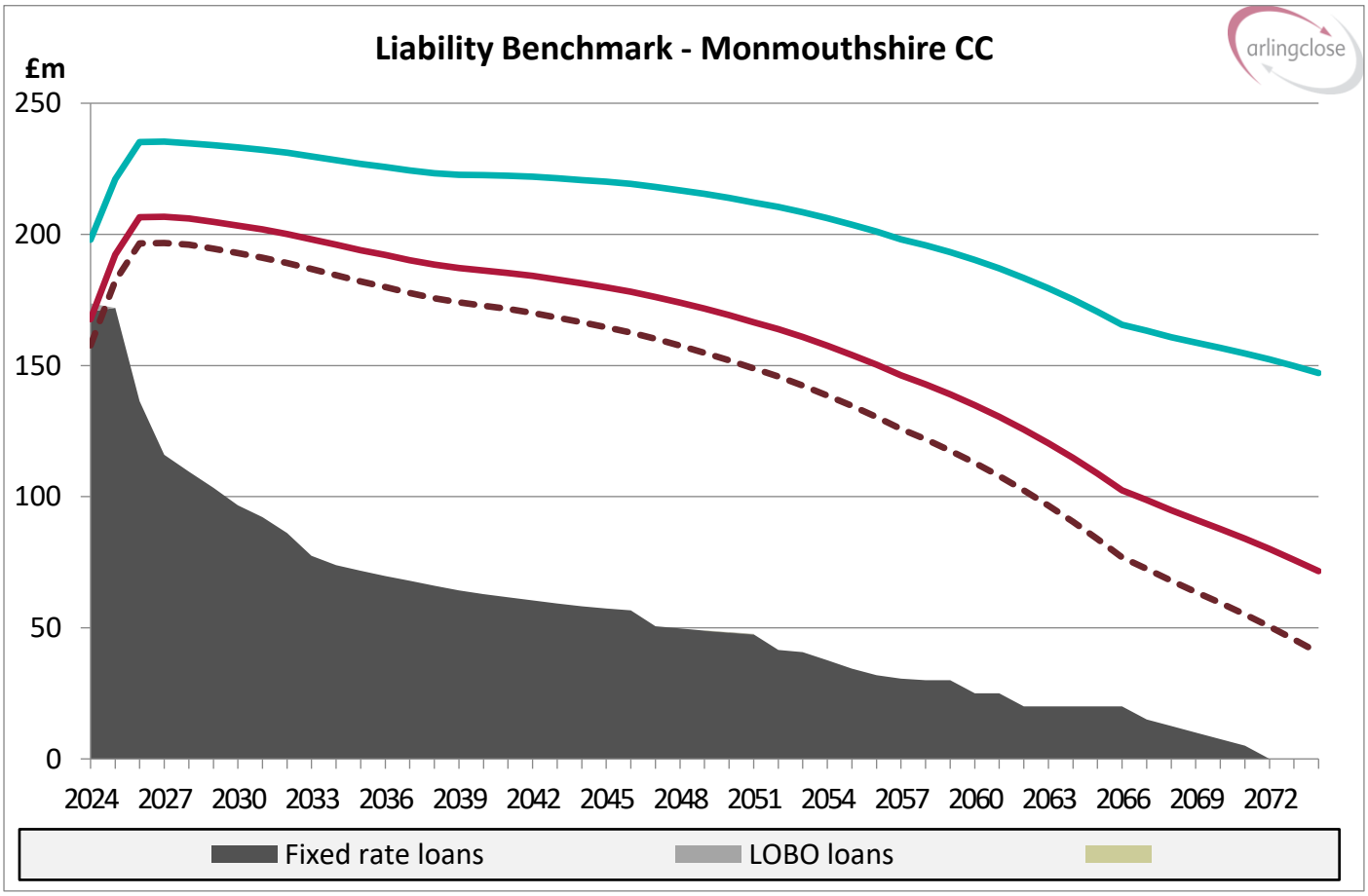
Table 2: Liability benchmark

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

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

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

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



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

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

3. Borrowing Strategy

3.1. The Council currently holds £184.5m of loans, an increase of £11.0m on the previous year, as part of its strategy for funding previous years' capital programmes. The liability benchmark above shows that the Council expects to borrow up to £68.7m in 2025/26. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

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

3.3. **Strategy:** Given the constraints on public expenditure over recent years and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Authority's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

3.4. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years.

3.5. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term**.**

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

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

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

3.8. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

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

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

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

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

3.11. **LOBOs:** The Council no longer holds LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

3.12. **Short-term and variable rate loans**: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

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

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

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

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

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

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

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

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

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

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

4. Treasury investments

Treasury Investment strategy

4.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the year to date, the Council's treasury investment balance has ranged between £10.2m and £50.1m million. It is anticipated that the level of investments held in 2025/26 will be lower, as cash balances are used in lieu of external borrowing, in line with the authority's internal borrowing strategy.

4.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

4.3. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds currently provides a degree of risk diversification into different sectors, however

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

4.4. The CIPFA Code does not permit local Councils to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

4.5. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

4.6. An updated list of signatories to the three charters is provided by the Authority's treasury advisors each quarter and will continue to be monitored. Any counterparties not signed up to all three charters will be removed from the Authorities investment portfolio.

4.7. The Council will continue through 2025/26 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied. Governance and Audit Committee will be kept informed of progress through the regular reporting of treasury performance into committee.

4.8. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

4.9. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

Table 5: Treasury investment counterparties and limits

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

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

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

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

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

This table must be read in conjunction with the notes below

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

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

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

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

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

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

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

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

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

Operational bank accounts: The Council may incur operational exposures, for example 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.

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

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

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

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

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

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

Table 6: Additional investment limits

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

4.15. **Liquidity management**: The Council uses its own cash flow forecasting system to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

4.16. The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

4.17. The Council measures and manages its exposures to treasury management risks using the following indicators.

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

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

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

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

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

5. Related matters

5.1. The CIPFA Code requires the Council to include the following in its treasury management strategy:

5.2. **Financial derivatives:**) Local Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local Councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

5.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

5.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

5.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

5.6. **External Funds**: The Council will from time to time hold fund on behalf of external organisations, companies or individuals. Unless a specific agreement is in place for the investment of the funds held, the Council will normally allocate interest returns based on a calculation of the average returns achieved from an overnight deposit rate with the Debt Management Office over the period held.

5.7. **Markets in Financial Instruments Directive**: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the

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

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

Financial Implications

5.9. The budget for investment income in 2025/26 is £788k, based on an average investment portfolio of £10m and existing pooled fund investments. Returns are expected to come from pooled fund investments, from shorter term investments with the Government, from secured/unsecured investments, or from Money Market Funds.

5.10. The budget for debt interest paid in 2025/26 is £7.6m, based on existing loans and assumed new borrowing at an average rate of 5.5%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Other Options Considered

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

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

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

6. Additional requirements of Welsh Government Investment Guidance

6.1. The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local Councils that are not integral to this Council's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

6.2. **Contribution:** The Council's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Council, and
- investment property provides a net financial surplus that is reinvested into local public services and supports economic regeneration.

6.3. **Climate change:** The Authority's investment decisions consider long term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED lighting and Solar PV, as well as ultra-low emission vehicles. In addition, the new Abergavenny 3-19 school is being constructed on a net carbon zero basis.

6.4. **Specified investments**: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local Council,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local Council, parish council or community council, or
  - a body or investment scheme of "high credit quality".

6.5. The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating

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

6.6. **Loans:** The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local Council.

6.7. The Council uses an allowed ‘expected credit loss’ model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Council has appropriate credit control arrangements to recover overdue repayments in place.

6.8. **Non-specified investments**: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table 18; the Council confirms that its current non-specified investments remain within these limits.

Table 7: Non-specified investment limits

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

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

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

6.10. The Council consider that the scale of its commercial investments including property are proportionate to the resources of the Council since gross income from such investments represent around 1.5% of the overall net revenue budget stream.

6.11. **Liquidity:** The Council's liquidity management has been detailed in the main Treasury report with regard to treasury activities. Before supporting local entities or placing a commercial investment the impact on liquidity is fully addressed, most commonly by taking out loans of an appropriate maturity to ensure funds are available for the life of the activity.

6.12. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will follow its Investment strategy for Commercial assets which ensures that any borrowed capital will be repaid with annual income earned from the investment or that an exit strategy identified during the due diligence will be followed.

6.13. **Investment advisers:** The Council has appointed Arlingclose Limited as treasury management advisers with the current contract running until 31st March 2025, and has used Alder King as advisers for the last two Commercial investment Property Acquisitions. The quality of these services is controlled by the Finance and Estates teams and also the Investment Committee appointed to oversee the Commercial Investments.

6.14. **Borrowing in advance of need:** Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.

6.15. **Capacity and skills:** The Section 151 officer is responsible for ensuring that those elected members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to:

- take informed decisions as to whether to enter into a specific investment;
- assess individual investments in the context of the strategic objectives and risk profile of the local Council; and
- understand how the quantum of these decisions have changed the overall risk exposure of the local Council.

6.16. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advice from its independent advisers regarding investment and borrowing activity.

6.17. **Commercial deals:** The investment committee is responsible for ensuring that those tasked with negotiating commercial deals have the appropriate skills and access to information to

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

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

7. Advisors Economic & Interest Rate Forecast – December 2024

Underlying assumptions:

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

Forecast:

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

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

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

8. MRP Policy Statement 2025/26

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

8.2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure

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

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

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

8.5. MRP options recommended in the Guidance include:

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

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

Note: This does not preclude other prudent methods.

MRP in 2025/26:

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

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

8.7. For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council may make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the WG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.

8.8. In all cases Capital expenditure incurred during 2025/26 will not be subject to an MRP charge until 2026/27. The 2025/26 budget proposals reflect these outlined positions.

9. Glossary of treasury terms

Authorised Limit	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh Councils) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Council and needs to be consistent with the Council's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the *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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Appendix G – Final Welsh Government Settlement Data

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

Unitary Authority	2024-25 Final Aggregate External Finance [Note 1]	2025-26 Final Aggregate External Finance	Percentage difference	Rank
Isle of Anglesey	130,907	135,881	3.8%	14
Gwynedd	239,296	248,390	3.8%	14
Conwy	210,992	219,010	3.8%	14
Denbighshire	205,729	215,251	4.6%	8
Flintshire	265,881	275,984	3.8%	14
Wrexham	239,206	249,508	4.3%	11
Powys	242,255	251,461	3.8%	14
Ceredigion	138,945	144,225	3.8%	14
Pembrokeshire	224,985	233,534	3.8%	14
Carmarthenshire	360,749	375,692	4.1%	12
Swansea	446,796	468,409	4.8%	4
Neath Port Talbot	293,059	306,177	4.5%	10
Bridgend	266,326	276,528	3.8%	13
The Vale of Glamorgan	216,231	224,448	3.8%	14
Rhondda Cynon Taf	497,404	521,329	4.8%	5
Merthyr Tydfil	126,901	133,144	4.9%	3
Caerphilly	357,689	373,900	4.5%	9
Blaenau Gwent	147,468	154,534	4.8%	6
Torfaen	183,439	192,216	4.8%	7
Monmouthshire	130,297	135,248	3.8%	14
Newport	311,915	329,322	5.6%	1
Cardiff	640,911	674,886	5.3%	2
Total unitary authorities	**5,877,384**	**6,139,078**	**4.5%**	

Table 1c: Aggregate External Finance (AEF) per capita, by Unitary Authority, 2025-6

Unitary Authority	2025-26 Final Aggregate External Finance	Aggregate External Finance per capita (£) [Note 2]	Rank
Isle of Anglesey	135,881	1,961	12
Gwynedd	248,390	2,084	7
Conwy	219,010	1,914	13
Denbighshire	215,251	2,216	3
Flintshire	275,984	1,771	19
Wrexham	249,508	1,833	18
Powys	251,461	1,870	16
Ceredigion	144,225	1,974	11
Pembrokeshire	233,534	1,868	17
Carmarthenshire	375,692	1,976	10
Swansea	468,409	1,898	14
Neath Port Talbot	306,177	2,143	5
Bridgend	276,528	1,884	15
The Vale of Glamorgan	224,448	1,666	21
Rhondda Cynon Taf	521,329	2,162	4
Merthyr Tydfil	133,144	2,272	2
Caerphilly	373,900	2,119	6
Blaenau Gwent	154,534	2,294	1
Torfaen	192,216	2,058	8
Monmouthshire	135,248	1,430	22
Newport	329,322	2,013	9
Cardiff	674,886	1,760	20
Total unitary authorities	**6,139,078**	**1,940**	

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

Portfolio and Grant Name	2024-25	2025-26
Total Education and Further & Higher Education (of which below)	**592,638**	**531,189**
Local Authority Education Grant - Schools Standards	179,885	168,787
Local Authority Education Grant - Equity	151,759	156,250
LAEG Demand Led - Universal Primary Free School Meals	92,756	93,058
Local Authority Education Grant - Reform	74,656	67,261
Local Authority Post-16 Education School Sixth Forms Provision (Mainstream Funding, inc. Change Management) [Note 44]	43,298	0
School Essentials Grant	13,054	12,458
Youth Support Grant	11,483	11,483
Local Authority Education Grant - Cymraeg 2050	9,882	9,475
LAEG Demand Led - Other Funding [Note 45]	5,878	TBC
Mutual Investment Model - Revenue	5,679	11,703
Adult Community Learning Provision [Note 44]	2,138	0
LAEG Demand Led - Post 16 Specialist Placements	1,100	TBC
SEREN	975	600
Welsh Medium Schools	95	114
Total Health, Social Care and Children (of which below)	**267,177**	**337,756**
Children and Communities Grant (CCG)	179,583	222,083
Social Care Workforce Grant	45,000	45,000
Funding to support proposals relating to eliminating profit from the care of looked after children	19,582	20,000
Funding to support proposals relating to radical reform of the care of looked after children Sonal	9,418	9,000
Childcare Offer- Administration Grant	3,250	3,250
Adoption Support Services	2,300	2,300
Looked After Children Change Fund - Supporting Foster Wales	2,075	200
Additional Support Grant – Childcare Offer	2,000	2,000
Age Friendly Communities Grant	1,100	1,100
Implementation of the National Adoption Service 'Adopt Cymru 2025 and beyond' Strategic Plan	669	TBC
Development of an All Wales Brand for Local Authority Fostering	559	559
National Approach to Statutory Advocacy for Children and Young People	550	550
Supporting Regional Safeguarding with development and implementation of the Single Unified Safeguarding Review	252	TBC
All Wales Play Opportunties Grant	230	230
Adoption Register Cymru	220	220
Parent Peer Advocacy and Support Services (PPASS)	93	93
Safeguarding Boards – training	72	72
SUSR Chairs and Reviewers Funding	65	120
Maintenance of Wales Safeguarding Procedures	50	50
Single Unified Safeguarding Review Learning and Development Plan Delivery Grant	49	49
Data Officer to support Eliminate Profit PfG	30	TBC
Grant Funding for Offensive Weapons Homicide Reviews	30	0

Pathways of Care Transformation Grant	0	30,000
Performance Improvement Fund	RSG	880
Total Housing and Local Government (of which below)	**213,028**	**213,442**
Housing Support Grant	182,488	204,340
Homelessness - No One Left Approach	15,000	RSG
Cardiff Harbour Authority	5,879	6,054
Homelessness - Discretionary Homelessness Prevention	5,000	RSG
Affordable Housing Grant	2,515	2,515
Homelessness - Strategic Posts	1,320	RSG
Transforming Towns Revenue	500	500
Assets Collaboration Programme Wales Phase 3	276	TBC
Rural Housing Enabler	50	33
Total Transport and North Wales (of which below)	**121,518**	**132,292**
Mandatory Concessionary Fares	51,000	52,000
Bus Network Grant	39,000	42,000
Bus Services Support	24,900	25,500
Cleddau Bridge removal of tolls (A477)	3,000	3,000
Youth Discounted Travel (My Travel Pass)	2,000	2,070
Local transport grants	1,598	1,372
Armed Forces Day Grant	20	20
Highways Management Local Government Borrowing Initiative	0	6,000
Regional Armed Forces Liaison Officers	0	330
Total Finance and Welsh Language (of which below)	**68,809**	**77,957**
Retail, Leisure and Hospitality Rates Relief [Note 21]	68,461	77,730
Promote and Faciliate the use of the Welsh Language	348	227
Total Mental Health and Wellbeing (of which below)	**44,063**	**44,063**
Substance Misuse Action Fund [Note 22]	41,063	41,063
Deprivation of Liberty Safeguards (DoLS)	3,000	3,000
Total Climate Change & Rural Affairs (of which below)	**23,812**	**8,716**
Sustainable Waste Management Grant	16,400	TBC
Leasing Scheme Wales (Revenue)	2,559	3,370
Coastal Risk Management Programme	1,662	1,244
Animal Licensing Wales Enforcement	914	TBC
Coal Tip Safety Grant Scheme	792	2,000
Local Air Quality Management Support Fund	460	750
National Landscape (AONB) Resilient Revenue	350	361
Clean Air Fund - NO2 compliance	272	589
PRS Leasing Scheme Pathfinder (Revenue)	163	163
LA Animal Health & Welfare Partnership Delivery Plan	100	100
South Wales Regional Aggregate Working Party (RAWP)	50	50
Waste Planning Monitoring Report – North Wales and South East Wales	48	48
North Wales Regional Aggregate Working Party (RAWP)	25	25
Waste Planning Monitoring Report – South West Wales	17	17
Total Culture, Skills & Social Partnership (of which below)	**17,351**	**17,942**
Communities for Work+	16,767	16,834

Culture Revenue Grant	457	230
Creative Skills Grant	100	850
Specialist Service Grants	27	28
Total Social Justice, Trefyndd & Chief Whip (of which below)	**7,144**	**7,394**
Violence Against Women, Domestic Abuse and Sexual Violence - Revenue Grant	2,794	2,794
Period Dignity in Schools and Communities	2,700	2,700
Community Cohesion	1,260	1,600
Gypsy Roma Traveller Winter Fuel Support Grant	300	300
Violence Against Women Domestic Abuse and Sexual Violence - Disbursed Accommodation Grant	90	0
Total Economy, Energy and Planning (of which below)	**6,058**	**315**
Arfor 2	5,000	TBC
Event Wales	488	13
Local Area Energy Planning - Resource Support (Mid Wales,North Wales and Southwest Wales) [Note 39]	410	153
Tech Valleys programme	160	150
All Grants	**1,361,597**	**1,371,066**
All Grants excluding TBC and RSG transfers (for like-for like comparison)	**1,264,322**	

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SUBJECT: LEADERSHIP FUNDING REVIEW
MEETING: CABINET.
DATE TO BE CONSIDERED: 5TH MARCH 2025.
WARDS AFFECTED: All

1. PURPOSE

1.1 To seek cabinet approval to amend the funding formula for delegating funds to Monmouth Comprehensive, Caldicot School, Chepstow School and King Henry VIII 3 - 19 for leadership.

2. RECOMMENDATIONS

2.1 That cabinet approves an amendment to the funding formula for delegating funds to Monmouth Comprehensive, Caldicot School, Chepstow School and King Henry VIII 3 - 19 for leadership.

3. KEY ISSUES

3.1 The leadership funding for the four schools has not been reviewed in decades. With the introduction of the new funding formula for King Henry VIII 3 -19 which was agreed in 2024, it became apparent that there was a need to review the funding for leadership to ensure that the distribution is fair.

3.2 Currently all the all four school have the same funding distribution for leadership, King Henry VIII 3 – 19 School receives additional funding for the lower school which is the same as a group 2 primary school.

3.3 The number of pupils in each school are:

- Monmouth 1376
- Caldicot 1145
- Chepstow 665
- KHS VIII 3 – 19 1209

This is compulsory age pupil and includes the primary phase at KHS VIII 3 – 19 School.

3.4 A governing body raised concerns that the funding should be in some way based on the size of the school and requested the School Budget Forum to review the formula.

3.5 The working group for the review included Headteachers for both primary and secondary schools, governors, school business manager and advisors from the Local Authority. They considered several proposals over both primary and secondary schools, however in agreement with the primary headteachers it was agreed that the funding would only be reviewed for the secondary schools and King Henry VIII 3 – 19 school.

3.6 The working group were keen recognise the different phases in all the schools, it should be noted that post 16 was not considered as this is funded directly by Welsh Government via a grant.

3.7 The proposal is to move from the same lump sum funding for each school to a funding model that provides a lump sum funding for the Headteacher, including a lower phase leader for King Henry VIII 3 – 19 school and the remaining funding is based on a per pupil allocation, the same amount per pupil which recognises the differences in size of school.

3.8 The detailed consultation paper is in appendix A. With the financial summary in Appendix B. The responses to the consultation paper are in appendix C.

3.9 It is recognised that Chepstow school has the lowest number of pupils and therefore will see a reduction in funding, however there will be a transition period over 2 years to ensure a smooth transition.

3.10 There is no impact on the wider formula funding, primary schools will be unaffected and there is no increase or decrease in the total schools funding due to this.

3.11 The school budget forum reviewed the responses in their January meeting and agreed to ask cabinet to approve the changes.

4.0 OPTIONS APPRAISAL

The options are to:

1. Remain the same with no changes, this was rejected. The current funding formula the majority of the distribution streams are based on pupil numbers, this recognises the size of the school.
2. Include primary schools in the review, this was rejected as the primary headteachers are content with the current funding formula.
3. Move to a formula that reflects both the size of the school and the number of phases in each school, this was agreed and is therefore the preferred option.

5. EVALUATION CRITERIA

Please see evaluation criteria set out in **Appendix D**.

6. REASONS

6.1 To move to a fairer funding model to which recognises the differences in the number of pupils and the number of phases in each school.

7. RESOURCE IMPLICATIONS

7.1 There are no resource implications, the quantum of funding will remain the same for school, primary schools will be unaffected. It is only the four schools that will see a redistribution of their funding.

8. WELL BEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING & CORPORATE PARENTING)

See attached at **Appendix D.**

9. CONSULTEES

Headteachers
Governing Bodies
School Budget Forum
Section 151 Officer
DMT for LSE
Performance and Overview Scrutiny Committee
Cabinet Members for Resources and Education
Diocesan Directors.

10. BACKGROUND PAPERS

Fair Funding Regulation 2018.

School Finance Regulations 2010.

11. AUTHOR

Nikki Wellington – Support Services Manager

Email: Nicolawellington@monmouthshire.gov.uk

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Appendix A

MONMOUTHSHIRE LOCAL EDUCATION AUTHORITY

CHILDREN AND YOUNG PEOPLE DIRECTORATE

CONSULTATION DOCUMENT – CHANGES TO THE FUNDING FORMULA FOR SCHOOLS

- **This document forms part of the consultation process on the proposed changes to the funding formula, which delegates funding to schools within Monmouthshire.**

- **The relevant Welsh Government legislation that Monmouthshire Local Education Authority is bound by is:**

  The Schools Budget Share (Wales) Regulations 2010.

CONSULTATION DOCUMENT

PROPOSED CHANGES TO THE SCHOOL FUNDING FORMULA TO DELEGATE LEADERSHIP FUNDING FOR SECONDARY SCHOOLS.

Date of Issue**: 22nd November 2024**

Action Required**: Consultation closes noon on the 17th January 2025.**

Title of Document: The Review of Funding for Schools in Monmouthshire Consultation Document.

Audience: All Head teachers at Monmouthshire Schools, Chairs of Governing Bodies of Monmouthshire Schools, The Schools Budget Forum, Section 151 Officer, the Departmental Management Team of the Children and Young People Directorate, Performance and Overview Select Committee, Cabinet Member for Education, Cabinet Member for Resources and Diocesan Directors of Education.

Overview: This document details the reasons for the review of the current consultation on School's funding and outlines the new proposals for the distribution of this funding.

Action Required: A proforma is enclosed for your response. The completed form should be sent to the address below by the consultation closing date of **noon on the 17th January 2025.**

Responses to: Nikki Wellington

e-mail: **nicolawellington@monmouthshire.gov.uk**

Further Information: Enquiries about this consultation document should be directed to **Nikki Wellington**

Nikki Wellington
Tel: 01633 644549 / 07766 504389
e-mail: **nicolawellington@monmouthshire.gov.uk**

Additional Copies: These can be obtained from Nikki Wellington (telephone number and e-mail address above)

Related Documents: The Schools Budget Shares (Wales) Regulations 2010

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2	Issues with Current Arrangements	4
3	Process	5
4	Proposals	6
5	Responses	7

Appendix B – Proposed funding model affect on schools.

1. Background

1.1 The school budget forum regularly reviews the funding formula for schools to ensure that the funding is distributed to schools in the fairest way.

1.2 Following a meeting of the School Budget Funding Forum on the 21st March 2024, members agreed to consult on the basis for delegating funding to Monmouthshire schools for secondary school leadership.

1.3 This consultation will not affect primary schools, the scope of the consultation is the three secondary schools at Monmouth, Chepstow, Caldicot and King Henry VIII 3 – 19 School.

2. Issues with current arrangements

2.1 The formula for delegating funding for leadership has not been reviewed in over 20 years. It was agreed by the School Budget Forum to review the formula for delegating leadership funding as it was out of date and did not reflect the current situation.

2.2 A working group was set up with representatives from both primary and secondary schools, Headteachers and Governors. During this process the working group agreed that the formula for primary schools does not need changing, therefore it was only agreed to progress with the secondary school formula.

2.3 The current formula delegates the same funding to all schools despite the difference in pupil numbers. All schools receive funding as detailed below:

Headteacher (non-teaching)	1 FTE L31	£137,836
Deputy Headteacher (teaching)	2 FTE M6 – L21	£98,960
Assistant Headteacher (teaching)	3 FTE M6 – L14	£99,482
Total		£336,278

The headteacher funding is for 1 full time equivalent with no teaching commitment, the deputy headteacher funding is for 2 full time equivalent with a teaching commitment. The funding is the difference between M6 – L21. The assistant headteacher funding is for 3 full time equivalent with a teaching commitment, the funding is the difference between M6 and L14.

The main formula funds all teachers at a UPS3, so there is a small amount of double funding which can reduce the teaching commitment.

2.4 The current pupil numbers for each of the schools ages 11 – 16 are:

Monmouth	1376
Caldicot	1145
Chepstow	665
King Henry VIII	949

Post 16 (years 12 – 13) is funded via a grant from Welsh Government and therefore excluded from this proposal.

3. Process.

3.1 The School Budget Forum agreed to review the leadership funding and asked that a working group was set up. The working group membership included primary and secondary school Headteachers and Governors and secondary school Business Managers.

3.2 The working group considered several options these included:

- To make no changes to the formula. This was rejected by the working group as the current formula does not distribute funding in a fair way.
- Distribute all funding on the number of pupils. This was rejected as it was accepted that there needs to be a baseline of funding to recognise a minimum level of leadership and the number of phases in the school.
- Provide a minimum level of funding to allow a baseline of leadership and distribute the remaining on pupil numbers. This was agreed as the preferred formula, the details are outlined below.

3.3 The overriding principle from the working group is that any distribution should recognise the need for leadership in each phase of education. The concern was that having the same formula for a 3 – 19 school with pupils from nursery to post 16 and for secondary schools with pupils from year 7 to post 16 would not be fair and would limit the number of leaders in the 3 – 19 school.

3.4 It was therefore agreed that there would be a separate formula for the 3 – 19 school to recognise the additional leadership required.

4. Proposal.

4.1 For the three secondary schools Monmouth, Chepstow and Caldicot a lump sum funding for a non-teaching Headteacher on L31 with the remaining funding being distributed on pupil numbers at a rate of £181.55 per pupil. This has resulted in an overall reduction of £16,908 for the 3 schools.

4.2 For the 3 – 19 school the proposal is to fund a lump sum for a non-teaching Headteacher on L31 and additional funding for a second school leader on L21 recognising the need for leadership in the primary phase. The remaining funding will be distributed on pupil numbers at a rate of £181.55 per pupil. This will result in an overall increase in funding of £16,881

4.3 The effect on each school is shown in appendix B.

4.4 The working group agree that there would be a 2 year transition period to limit the increases or decreased per school.

Please use the proforma below to respond to the consultation, all responses should be sent to:

nicolawellington@monmouthshire.gov.uk

Any further information regarding this consultation can also sent to the email address above or please call 07766 504389.

All responses should be returned by noon 17th January 2025.

RESPONSE PROFORMA

Please indicate who you are responding on behalf of:

Do you agree with the proposal to fund Monmouth, Chepstow and Caldicot Schools via a lump sum funding for a non-teaching Headteacher on L31 with the remaining funding being distributed on pupil numbers at a rate of £181.55 per pupil.

Please state below if you agree or disagree. If you disagree, please propose an alternative for the working group to consider.

Do you agree with the proposal to fund King Henry 3 – 19 school via a lump sum funding for a non-teaching Headteacher on L31 and a primary leader on L21 with the remaining funding being distributed on pupil numbers at a rate of £181.55 per pupil.

Please state below if you agree or disagree. If you disagree, please propose an alternative for the working group to consider.

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Current Funding	Monmouth	Chepstow	Caldicot	Comment
Headteacher 1 FTE L31	£137,836	£137,836	£137,836	No Teaching Commitment
Deputy Headteacher 2 FTE M6 - L21	£98,960	£98,960	£98,960	Teaching Commitment
Assistant Heateacher 3 FTE M6 - L14	£99,482	£99,482	£99,482	Teaching Commitment
Total	£336,278	£336,278	£336,278	
Proposed Funding				
Headteacher 1 FTE L31	£137,836	£137,836	£137,836	No Teaching Commitment
Other leadership £181.55 Per pupil	£249,813	£120,731	£207,875	Teaching Commitment
Total	**£387,649**	**£258,567**	**£345,711**	
Difference	£51,371	-£77,711	£9,433	-£16,908
Pupil Numbers Years 7 - 11	1376	665	1145	

Current Funding	King Henry VIII 3 - 19	
Primary Phase		
Headteacher 1 FTE L14	£91,350	No Teaching Commitment
Deputy Headteacher M6 - L8	£20,440	Teaching Commitment
Secondary Phase		
Headteacher 1 FTE L31	£137,836	No Teaching Commitment
Deputy Headteacher 2 FTE M6 - L21	£98,960	Teaching Commitment
Assistant Heateacher 3 FTE M6 - L14	£99,482	Teaching Commitment
Total	**£448,068**	
Proposed Funding		
Headteacher 1 FTE L31	£137,836	No Teaching Commitment
Primary Phase Leader 1 FTE L21	£107,619	No Teaching Commitment
Other leadership £181.55 Per pupil	£219,494	Teaching Commitment
Total	**£464,949**	
Difference	£16,881	
Pupil Number Nursery to Year 11	1209	

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Appendix C

Leadership Consultation Responses

9 responses were received:

Caldicot Governing Body
Cantref Headteacher
Chepstow Governing Body
Directorate Management Team
King Henry VIII 3 - 19 Governing Body
Monmouth Governing Body
Monmouth Headteacher
Osbaston Headteacher
Performance and Overview Select Committee

Eight agreed and there was one object from Chepstow.

The following comments were made:

Performance and Overview Committee:

- *A member asked how the King Henry VIII primary phase budget relates to other primaries in Monmouthshire. The officer explained that the funding for the King Henry VIII primary phase is equivalent to that of other primary schools of similar size in Monmouthshire. The head teacher and governing body are responsible for structuring the leadership team. While the funding is the same, potential savings could come from not needing two head teachers, as the school can look at its structure to identify any possible savings.*
- *A member asked about the measures being put in place to ensure that reductions in leadership resources at Chepstow School do not disproportionately impact vulnerable groups, including pupils with disabilities and those from disadvantaged backgrounds. It was explained that transitional funding has been put in place to ensure a staged process into the reduced funding. Chepstow School is looking at ways to support their learners more cost-effectively. The school currently has the largest leadership group among the four secondary schools, and they are working on restructuring to manage the funding changes.*
- *A question was asked about how the long-term effect of these changes on outcomes is monitored, especially in Chepstow where funding is significantly reduced. The officer stated that the financial aspects of the funding changes will be closely monitored, and the educational outcomes will be overseen by the school improvement team within the Directorate. They will work together to understand the impact of the funding changes and ensure that standards are maintained.*
- *It was further asked about plans to address the potential risk of leadership burnout, particularly in the light of schools' reduced funding. It was mentioned that leadership burnout is a concern that is frequently discussed with employee services. The impact of the funding changes on leadership burnout is not expected to be direct, but it will be monitored through regular discussions and sickness statistics. A member noted that burnout isn't confined to leadership but applies to classroom teachers as well.*

Chair's Summary:

The Chair thanked the Cabinet Member and officers. The report was moved

Chepstow Governing Body:

We would strongly disagree as Chepstow School is being seriously disadvantaged by the current proposal due to it having lower numbers. Based on the proposed funding formula, it will mean a detriment of £77,711, whilst other secondary schools gain in terms of funding.

Pupil numbers should not be a prerequisite for leadership funding due to the fact that the same leadership roles and responsibilities are applicable across all secondary provision and, to provide high quality provision and standards, you need the capacity to fulfil these responsibilities.

Chepstow School are already facing a significant deficit budget and potential leadership restructure due to an inequity of funding (some areas linked to pupil transfers, inclusion etc) and by introducing this funding formula, this would place further pressure on the school resources. The funding proposed would only cover a HT post (L31) and DHT (L21).

The Headteacher has looked at similar sized schools in terms of pupil numbers and as a bare minimum, we are proposing that the school needs to be funded for a HT (L31), 1 x DHT (L21) and 2 x AHT (L14). Additional funding could be allocated to schools over a specific number and who may require more capacity in terms of Deputy and Assistant Headteachers. We have previously requested a review of all funding that is allocated to secondary schools and this would include equity in terms of funding for leadership (even considering the size of the school).

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Integrated Impact Assessment document

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

Name of the Officer Nikki Wellington **Phone no: 07766504389** **E-mail: nicolawellington@monmouthshire.gov.uk**	**Please give a brief description of the aims of the proposal** To change the funding formula for distributing leadership funding for Monmouth Comprehensive School, Caldicot School, Chepstow School and King Henry VIII 3 – 19 School.
Name of Service area Children and Young People	**Date 20th November 2024**

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	This will positively impact the schools that will see and increase in funding. These schools will be able to have a leadership structure that reflects the number of pupils and the phases in each school.	There is one school that will see a reduction in funding which will result in a reduction in leadership posts, which may result in reduced support for pupils.	All schools will see transition funding over a 2-year period to limit the increases and decreases in funding. This will allow schools to plan staffing structures.
Disability	This will positively impact the schools that will see and increase in funding. These schools will be able to have a leadership structure that reflects the number of pupils and the phases in each school.	There is one school that will see a reduction in funding which will result in a reduction in leadership posts, which may result in reduced support for pupils.	All schools will see transition funding over a 2-year period to limit the increases and decreases in funding. This will allow schools to plan staffing structures.

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

2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	**Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.**	**What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?**
Socio-economic Duty and Social Justice	None identified at this stage	None identified at this stage	None identified at this stage

3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably	None identified at this stage	None identified at this stage	None identified at this stage
Operational Recruitment & Training of workforce	None identified at this stage	None identified at this stage	None identified at this stage
Service delivery Use of Welsh language in service delivery Promoting use of the language	None identified at this stage	None identified at this stage	None identified at this stage

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	None identified at this stage	None identified at this stage
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	None identified at this stage	None identified at this stage
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	None identified at this stage	None identified at this stage
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	None identified at this stage	None identified at this stage
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	None identified at this stage	None identified at this stage
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	None identified at this stage	None identified at this stage
A more equal Wales	None identified at this stage	None identified at this stage

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
People can fulfil their potential no matter what their background or circumstances		

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?
Long Term Balancing short term need with long term and planning for the future	All of the schools will know their funding and will be able to plan their future leadership structures. The funding will be fixed to allow this.	All schools will see transition funding over a 2 year period to limit the increases and decreases.
Collaboration Working together with other partners to deliver objectives	None identified at this stage	None identified at this stage
Involvement Involving those with an interest and seeking their views	A working group was established to consider the proposals and to determine their preferred option. The working group members included primary and secondary headteachers, secondary business managers and governors. They met on several occasions and were fully involved in making the final decision.	None identified at this stage

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?
Putting resources into preventing problems occurring or getting worse	None identified at this stage	None identified at this stage
Considering impact on all wellbeing goals together and on other bodies	None identified at this stage	None identified at this stage

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 at this stage	None identified at this stage	N/A
Corporate Parenting	None identified at this stage	None identified at this stage	N/A

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

Schools finance regulations 2010. Fair funding document 2018 and Section 52 funding.

- *Equalities dashboard link*. Equality data dashboard for EQIA's 2020.xlsx

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?**

School leadership funding will reflect the size and phases of the schools. One school will see a decrease in funding however this is mitigated with transition funding over a 2 year period.

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
Review impact of funding on all four schools	March 2026	Local Authority and Schools.

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
1.1	Performance and Overview Scrutiny Committee	3rd December 2024	Initial Draft
1.2	Cabinet	5th March	Version 1.2 updated for Cabinet

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SUBJECT:	**2025/26 MONMOUTHSHIRE FARM SCHOOL TRUST FUND AND WELSH CHURCH TRUST FUND INVESTMENT AND FUND STRATEGIES**
MEETING:	**Cabinet**
DATE:	**5th March 2025**
	DIVISION/WARDS AFFECTED: All Authority

1. PURPOSE:

1.1 To present to Cabinet for approval the 2025/26 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee.

1.2 To approve the 2025/26 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

2. RECOMMENDATIONS:

2.1 That the proposed Investment and Fund Strategy for 2025/26 for the Monmouthshire Farm School Endowment Trust Fund as set by the Trust be endorsed (**Appendix 1**).

2.2 To note that the Monmouthshire Farm School Trust Board determined the 2025/26 grant allocation for the year in July 2024. However, this is reviewed at every meeting to ensure that the grants offered do not exceed previous years' investment return at the end of March 2025, and any under spends carried forward from the 2024/25 grant allocation, to avoid eroding the overall fund.

2.3 That the proposed Investment and Fund Strategy for 2025/26 for the Welsh Church Fund be approved. (**Appendix 3**).

2.4 To delegate responsibility for the execution and administration of treasury management decisions to the Chief Officer for Resources who will act in accordance with the Investment and Funds Strategy.

2.5 To approve the 2025/26 grant allocation to Local Authority beneficiaries to the Monmouthshire Welsh Church Act Fund of £225,000 which is to be distributed in accordance with population data in the draft Local Government Settlement 2025/26.

2.6 To endorse the policy that Monmouthshire County Council (as the Welsh Church Fund Trustee) ensures that the constituent councils that benefit from grant distributions, ensure that grants allocated are in line with charitable objects of the fund and that this fact is advertised on their Authority's website.

2.7 To endorse the Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2025/26 (**Appendix 5**) as considered and approved by the Welsh Church Fund Committee in February 2025.

3. KEY ISSUES:

3.1 The Authority acts as the sole trustee for the Welsh Church Fund and the custodian with responsibility for financial arrangements for the Monmouthshire Farm School Endowment Trust Fund and is required annually to approve Investment and Fund Strategies for them. In addition, for the Welsh Church Fund the Authority is required to determine the grant allocation for the forthcoming year.

3.2 The contract for the position of Treasury Advisor to Monmouthshire County Council, the Welsh Church Act Fund and the Monmouthshire Farm School Endowment Trust was awarded to Arlingclose Ltd in March 2021 for 4 years with the option to extend for a further two years. All three bodies will therefore continue to receive ongoing advice and support on investments until at least the 31st March 2026 and beyond if the option to further extend is exercised.

3.3 In acting in its capacity as either sole trustee or custodian, the Authority is required to have Investment policies in place for the Monmouthshire Farms Endowment Trust Fund and the Welsh Church Fund in order to comply with the Trustee Act 2000. The policies ensure that monies are invested in the best interests of the Trusts.

The Annual Investment and Fund strategies for the Monmouthshire Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust Fund set priorities are, in the order shown to:

a) Maintain security of the invested capital,

b) Maintain sufficient liquidity to allow grants to be distributed,

c) Maintain an optimum yield which is commensurate with security and liquidity.

Monmouthshire Farm School Endowment Trust Fund

3.4 Following recommendations from Treasury Advisors Arlingclose, The Monmouthshire Farm School Endowment Trust adopted a similar risk and investment strategy to that of the Welsh Church Fund. The Investment strategy (**Appendix 1**) was presented to and approved by the Board of The Monmouthshire Farm School Endowment Trust in July 2023.

3.5 In the financial year 2023/24, which is the most recent completed year end accounts, the Mon Farms Trust received income of £29,876 from its direct investments in funds and £465 from the Roger Edwards Educational Trust Fund. These total investment returns were more than the grants and fees allocated from the Trust. The trustees have agreed to make £25,000 available for grant distribution in 2025/26.

3.6 In the 2023/24 financial year, the income received from the pooled funds invested in by the Trustees directly was offset by an unrealised net capital loss of £9,995. A movement in capital value is expected with these types of investments and not expected to impact the fund in the long term. For this reason, Arlingclose strongly recommend continuing to spread the investments over several asset classes, including equity, property, and bonds to reduce the risk of losses. It should be noted however that as the Monmouthshire Farm School Endowment Trust receives income from the Roger Edwards Trust and that this income is achieved by investing in Equity and Property based products, in order to diversify, the additional products selected for direct investment were weighted towards bond based products. The bond-based products have made a loss over the last 12 months. This situation is being actively discussed with Arlingclose to optimize performance over the medium term although diversification is still seen as the best policy.

3.7 **Appendix 1** outlines the Annual Investment and Fund Strategy 2025/26.

Risk Assessment of the Monmouthshire Farm School Endowment Trust

3.8 The financial assistance provided by the Monmouthshire Farm Endowment Trust supports a very wide range of students, studying at agricultural orientated colleges in the UK. Applicants must live in the former Gwent area (excluding Newport) and preference is given to those under 25 years old. Annually, monies are distributed by way of educational grants and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available for distribution.

3.9 A risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority, in its position as the Trustee with responsibility for financial arrangements. The risk assessment policy is attached for information at **Appendix 2**.

Welsh Church Fund

3.10 The Trust holds real assets within pooled funds (Collective Investment Funds) such as to maximise the average annual income stream to the Trust over a 3 to 5 year' business cycle without a sustained loss of capital funds. Arlingclose as treasury advisors to the Welsh Church Fund have supported the Welsh Church fund in making these types of investments. The latest fund review was undertaken by Arlingclose in 2024, and these investments remain a risk balanced investment portfolio in line with the investment priorities.

3.11 Pooled investment funds are suited to bodies such as the Welsh Church Fund who are looking for a steady and/or higher average income streams and are able to leave the principal in place for a business cycle as they do not need to access the principal over the medium term. This enables the Trust to benefit from above average good years despite lower returns in infrequent poorer years.

3.12 There is a risk relating to the use of these funds in that the principal amount can go down as well as up in value. Again, this is suited to the Welsh Church Fund as the Trust can tolerate these movements over a longer business cycle. The movements are expected to be at least neutral over a business cycle and the earning power of these investments is not largely affected by the market value.

3.13 For the financial year 2023/24, the WCF has received income of £226,373 from its external investment funds and through rental income. Therefore, the recommended distribution is £225,000 to ensure that the funds raised for charitable purposes in 2023/24 are distributed fully and thereby assist grant recipients in need of financial support without a further depletion in capital assets.

3.14 In the financial year 2023/24, the income received from the pooled funds was augmented by an unrealised net capital gain of £83,718 (£472,972 loss in 2022/23) as a result of a slow recovery in the financial markets over the 2023/24 financial year. A movement in capital value is expected with these types of investments in normal years as well as exceptional year's such as at the height of a pandemic and these movements are not expected to impact the fund in the longer term. For this reason, Arlingclose strongly recommend continuing to spread the investments over several asset classes, equity, property, and bonds to reduce any substantial risk of losses. The trust will continue to review exit strategies from pooled funds if appropriate and in light of a rising interest rate environment where returns may be greater from other investment vehicles.

3.15 A revised Investment and Fund strategy for the Welsh Church Act Fund is contained in **Appendix 3**.

3.16 The strategy states that the balance of cash not invested directly by the Trust Funds can be managed on a pooled basis by Monmouthshire County Council to maximise investment returns and to minimise exposure to investment losses. This cash balance is required primarily to ensure sufficient cash is available to distribute grants during the financial year and reimburse other authorities within Greater Gwent at the financial year-end.

Risk Assessment of the Welsh Church Fund

3.17 The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed by charitable grants and the key risk faced by the Welsh Church Fund is loss or reduction in the amount of funds available.

3.18 The risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority in its position as sole and corporate Trustee. The existing risk assessment policy has been reviewed and is deemed to be adequate and sufficiently robust to continue during the 2025/26 financial year. The risk assessment is attached for information at **Appendix 4**.

Grant Allocation of the Welsh Church Fund

3.19 The Monmouthshire Welsh Church Fund was established on 1st April 1996 from the former Gwent Fund and part of the former Mid Glamorgan Fund. The Fund covers the administrative areas of Blaenau Gwent, Caerphilly, Newport, Torfaen, and Monmouthshire, with Monmouthshire being designated as the lead Authority.

3.20 Since 1996 trustees have sought to obtain a satisfactory rate of return from the fund's investments thereby enabling grants to beneficiaries after meeting expenses, whilst maintaining the capital value of the fund in real terms.

3.21 The fund balance held by the trust was £5,217,894 as at the 31st March 2024 (£5,201,291 at 31st March 2023). It is recommended that the grant allocation should be increased to £225,000 in 2025/26 (£210,000 in 2024/25. Investment Funds have increased their distributions as interest rates have risen alongside asset portfolios. The forecast for 2024/25 income is estimated to be around £220,000, which is broadly similar to 2023/24 and enables increased grant distributions compared to the lower levels of allocations prior to 2023/24.

3.22 This will result in the following distribution being recommended:

AUTHORITY	POPULATION (000) **	PERCENTAGE SPLIT	BUDGET*
Blaenau Gwent CBC	67,356	0.113	25,453
Caerphilly CBC	176,437	0.296	66,673
Monmouthshire CC	94,572	0.159	35,738
Newport CBC	163,628	0.275	61,833
Torfaen CBC	93,419	0.157	35,302
TOTAL	**595,412**	**100.0**	**225,000**

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

**Source: 2025/26 Draft Local Government Settlement (AEF per Capita).

4. OPTIONS APPRAISAL

Options available are restricted by the nature of the governing documents of the Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust.

5. EVALUATION CRITERIA

5.1 The approval of the Investment and Fund Strategies do not require any specific decisions to be made which could have an adverse impact on any group or individual within the Council. The approval of the Welsh Church Fund budget for grant allocation to the constituent authorities in 2025/26 is seen to have a neutral impact on the sustainability of the fund going forward.

6. REASONS:

6.1 To produce an annual Investment and Fund Strategy in order that the Authority fulfils its responsibilities as corporate and sole trustee in compliance with the Trustee Act 2000.

6.2 To approve the 2025/26 grant allocation for the Welsh Church Fund, enabling constituent Local Authorities to make qualifying grant allocations under the Welsh Church Fund Trust Scheme.

7. RESOURCE IMPLICATIONS:

7.1 The grant allocation to beneficiaries of the Welsh Church Fund is set in the context of the fund balance being maintained over the long term. It is funded through net income generated through investment returns.

7.2 The appointment of a dedicated treasury advisor to the Welsh Church Fund will be an ongoing annual charge against the Fund. The fee negotiated is competitive and further efficiencies are generated from the Authority dealing with one advisor for its treasury advice.

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

A Future Generations assessment, examining the implications in regard to equality, safeguarding, corporate parenting or sustainable developments, is contained in the attached **Appendix 6**.

9. CONSULTEES:

Strategic Leadership Team
Cabinet Members
Head of Finance

Results of Consultation

No adverse comments received

10. BACKGROUND PAPERS:

Appendix 1 – Monmouthshire Farm School Endowment Trust – Annual Investment and Fund Strategy 2025/26
Appendix 2 – Monmouthshire Farm School Endowment Trust – Risk Assessment Policy 2025/26
Appendix 3 – Monmouthshire Welsh Church Fund – Investment and Fund Strategy 2025/26
Appendix 4 – Monmouthshire Welsh Church Fund – Risk Assessment Policy 2025/26
Appendix 5 -- Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2025/26
Appendix 6 – Future Generations Evaluation Form

11. AUTHORS:

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Nicola Wellington – Children & Young People Finance Manager

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Appendix 1

The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2025/26

1. Background

1.1. The Trustees shall each year consider for approval an annual Investment Strategy. The Trustees may also request submission of a longer-term investment strategy for approval. Any proposed in-year modification to the Investment Strategy must be approved by the Trustees.

1.2. This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Monmouthshire Farm Endowment Trust and Monmouthshire County Council.

1.3. The Trustees have agreed to a continued relationship with a Treasury advisor to provide expert advice on the continued suitability of a variety of investment vehicles for inclusion in its portfolio. This will carry a small charge.

2. Interest Rate Forecast

2.1. The UK Bank Rate reached 4.75% in December 2024 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the first quarter of 2025 to a low of 3.75% by early - mid 2026, although the timing and extent of rate cuts remains highly uncertain.

2.2. In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.

2.3. The Monmouthshire Farm Endowment Trust, by means of this Investment strategy is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and thereby reduce the underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

3. Annual Investment and Fund Strategy

3.1. The Trustees shall invest Monmouthshire Farm Endowment Trust monies in an agreement with the board of the Trust for Monmouthshire Farm School Endowment.

3.2. Day to day activities required to implement this shall be delegated to the S151 Officer and the Treasury team of Monmouthshire County Council. This can include a change to investment vehicle providing it still lies within the scope of this Investment strategy and is approved by the current Treasury Management advisors.

3.3. In accordance with best practice, the Monmouthshire Farm Endowment Trust prioritise the three objectives of security, liquidity, and yield in relation to the investment of its funds when making any investment. Maintaining a high level of security of investment ensures the long-term income generating capacity of the fund. The liquidity or accessibility of a portion of the investments ensures in the short-term expenses of the fund can be met.

3.4. The Overall Fund Strategy of the Monmouthshire Farm Endowment Trust Fund is to generate investment returns which after meeting the expenses of managing the Fund, can be distributed to selected beneficiaries. The investment strategy is therefore to maximise returns commensurate with appropriate levels of security and liquidity. Investments in Collective Investment Funds are likely to result in fluctuations in principle. It is acceptable to allow this, if having taken appropriate advice; they are expected to be temporary in nature, to improve total returns over a 3 to 5 year' business cycle.

3.5. At 31st March 2024, the Monmouthshire Farm Endowment Trust had £550,760 of pooled investments and £82,831 of cash.

3.6. Financial investments can be taken by the Fund without specific reference to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and meet the "high credit quality" criteria determined by the Trustees and set out in paragraph 3.9 and are not deemed capital expenditure investments under Statute.

3.7. Investments which do not meet the strict definition (detailed below) of high credit quality, and which have a longer-term Investment horizon, can be taken, but only after consulting with the Monmouthshire Farm Endowment Trust Fund treasury advisors and the Section 151 Officer at Monmouthshire County Council.

3.8. The types of investment vehicles that can be utilised by the Monmouthshire Farm Endowment Trust are as follows:

Table 2: Investments

Investment	
Term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills, or the UK Debt Management Office	✓

Collective Investment Schemes	✓
Pooled funds with Monmouthshire County Council	✓

3.9. The Trustees and its advisors select countries and financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (counterparties):
  - Investments are classed as having high credit quality if the lowest credit rating they have with Fitch, Moody's and Standard & Poors' is A-, A3 and A- or higher.
  - And a country rating of AA+ or equivalent for non-UK sovereigns

- Credit Default Swaps (where quoted)
- Sovereign Support mechanisms
- Economic fundamentals (for example Net Debt as a percentage of GDP) and Economic trends
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Historical performance and expected future trends of Collective Investment Funds
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern. The Monmouthshire Farm Endowment Trust fund will not enter into any investment if it is outside the advice given by its Treasury advisors, which is updated monthly, weekly and daily according to the movements in the worldwide backdrop. This includes guidance on the maximum maturity of investments with approved counterparties.

3.10. New Investments made directly by the Monmouthshire Farm Endowment Trust Fund will be restricted in the following ways to ensure diversification and hence reduction of both credit risk and interest rate risk.

- A minimum of £40,000 (at the time of investment) needs to be held in investments which are sufficiently liquid such as cash or other investments less than one year so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments. The full remaining balance can be invested in Collective Investment funds to maximise returns if this is in line with the requirements of this strategy.

- The maximum monetary amount, which can be invested directly by the Monmouthshire Farms Endowment Trust Fund [MFETF] in any one Collective Investment Fund (at the time of the Investment), is 45% of the total MFETF investment balance.

  The amounts invested are spread across different investment asset classes such as Property, Bonds and Equity to diversify and reduce overall risk. This spread should be viewed collectively with the funds invested by the Roger Edwards Educational Trust [REET] and from which the MFETF benefits. As the REET Investments are weighted towards Equity, it is not possible to achieve an equal split across asset classes but a level of between 20% and 45% for at least three of the asset classes should be aimed for.

- Up to 100% of the total investment balance can be held with Monmouthshire County Council or Instruments issued by the UK Government, if required

- Up to 100% of the total investment balance can be invested as term deposits, CDs or call accounts with banks and building societies. The maximum amount that can be invested with any one financial institution is £100,000, if of high credit quality (approx. 15% of the total MFETF investment balance) or £50,000 if approved by the Treasury advisors although not considered high credit quality.

- The maximum duration of term deposits and CDs with banks and building societies shall be in line with the ongoing advice given by the Trust's treasury advisors, which varies with world economic factors.

3.11. At the end of each financial year, the Trustees shall consider the actual return on investments and the extent to which the investment objectives have been achieved.

3.12. The Trustees shall observe the following constraints in pursuing the investment objectives:

- The restrictions on investments contained within Section 10 of the scheme made by Monmouthshire County Council.

- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. Interest earned by the Authority and any investment losses incurred by the Authority will be apportioned proportionally between the Local Authority and Monmouthshire Farm Endowment Trust in line with the total investments held by each party.

NB: Any investments that move outside of the above criteria with time will be reinvested within the above criteria on maturity.

3.13. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

3.14. There is now more than 60 months' history to Monmouthshire Farms Trust's pooled fund holding. In capital terms, it should be remembered that the emphasis of the investment in the selected funds is based on a long-term strategy of a five-year rolling basis.

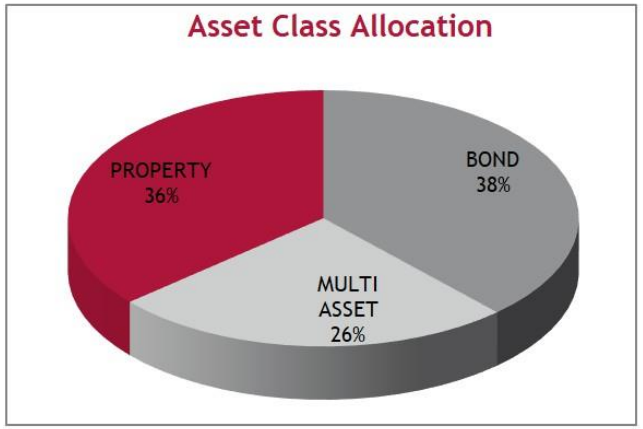
3.15. The values and performance of the investments since the date of acquisition are reported in the latest available Arlingclose report. The income return on the pooled funds at the current time are close to or below the bank returns, the overall performance of the investments will be closely monitored, any exit strategy identified will ensure that due diligence will be followed. The latest available performance data is provided below.

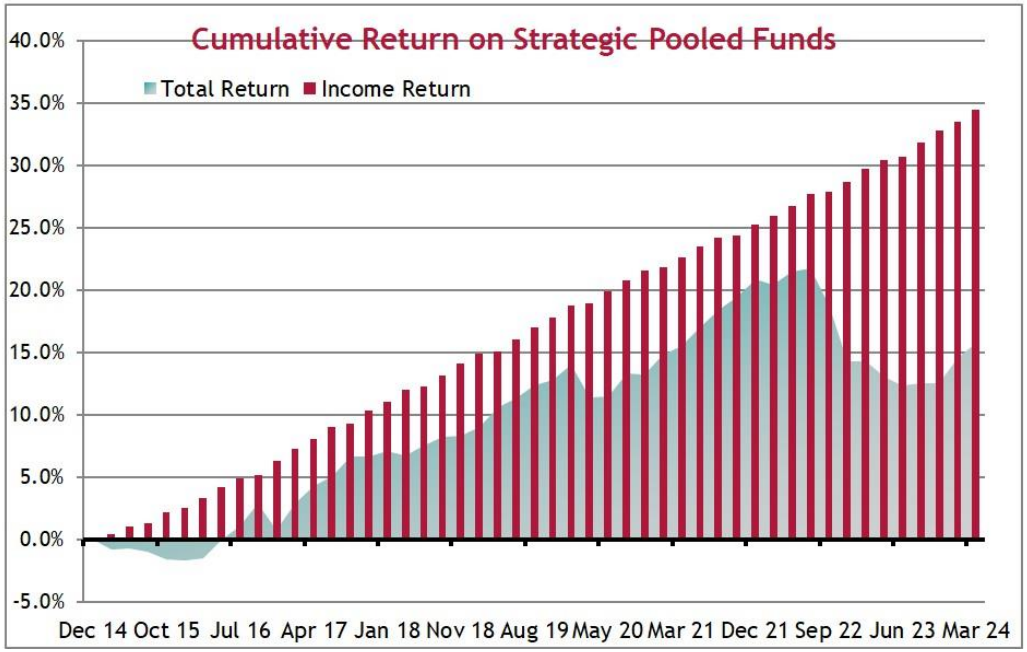
Returns since inception (Jan 2015) to 31/3/2024

FUND NAME	ASSET CLASS	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	Capital Return annualised	Income Return annualised
CCLA - COIF PROPERTY FUND	PROPERTY	200,504	-28,496	98,007	8.3	-12.44%	42.80%	30.35%	5.2%	-1.60%	4.40%
M&G CHARIBOND FUND	BOND	210,355	-39,645	60,613	8.7	-15.86%	24.25%	8.39%	3.7%	-1.96%	2.53%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	141,054	-58,946	75,420	9.2	-29.47%	37.71%	8.24%	5.3%	-3.73%	3.55%
GRAND TOTAL		551,914	-127,086	234,041	8.7	-18.72%	34.47%	15.75%	2.7%	-2.40%	3.45%

Unrealised capital loss since purchase: -127,086 **Annualised income return:** 3.45%

Average Bank Rate: *1.08%*





Please note the data above reflects the performance of the funds since inception as the funds were purchased on January 2015. The below charts the performance of the funds during the 2023/24 financial year.

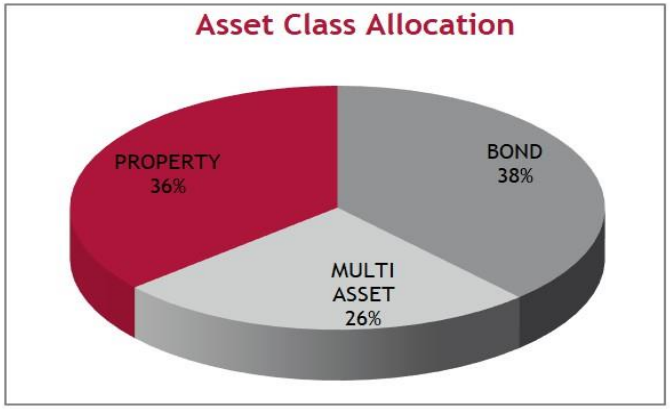
Returns 12 months to 31/3/2024

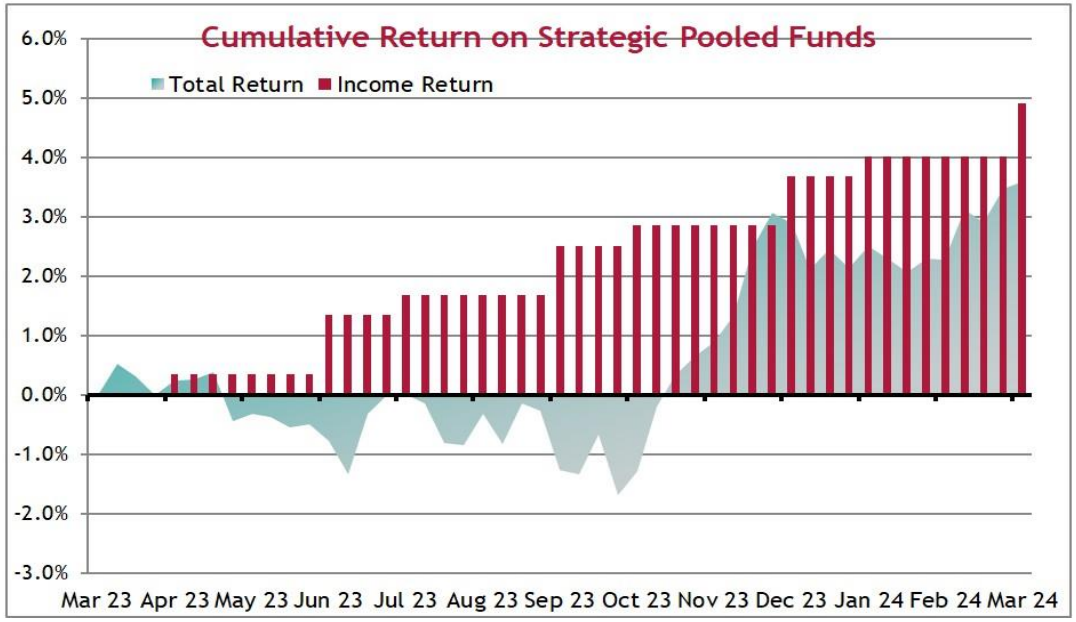
STRATEGIC POOLED FUND PORTFOLIO	MONMOUTHSHIRE FARM SCHOOL ENDOWMENT FUND	From:	31/03/2023	To:	31/03/2024

FUND NAME	ASSET CLASS	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
CCLA - COIF PROPERTY FUND	PROPERTY	200,504	-10,906	10,847	1.0	-5.16%	5.13%	-0.03%	2.4%
M&G CHARIBOND FUND	BOND	210,355	1,695	7,619	1.0	0.81%	3.65%	4.46%	5.8%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	141,054	1,927	8,955	1.0	1.39%	6.44%	7.82%	5.8%
GRAND TOTAL		551,914	-7,283	27,422	1.0	-1.30%	4.90%	3.60%	3.5%

Unrealised capital loss since purchase: -127,086 **Annualised income return:** 4.89%

Average Bank Rate: *4.51%*





4. Training

4.1. The Section 151 Officer will ensure all staff are suitable trained to assist with this process and will organise awareness training to Trustees, Cabinet and Audit Committee where appropriate.

5. Investment Consultants/ Treasury Advisors

5.1. The Monmouthshire Farm Endowment Trustees use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to the investments is provided from publicly available data and is summarised to assist with decision making within the Authority. The information and advice encompass the level of risk of investments and the variety of options available.

Appendix 2

Monmouthshire Farm Endowment Trust – Risk Assessment Policy 2025/26

The financial assistance provided by the Monmouthshire Farm Endowment Trust is to support the advancement of education in agriculture and related subjects at college. Annually, monies are distributed to students and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available.

An assessment of the risks faced by the Monmouthshire Farm Endowment Trust has been undertaken and steps taken to:

- avoid risks through alternative strategies
- limit and reduce risks by improving controls
- insure against specified risks

On an annual basis, the risk assessment will be reviewed and updated to include any new risks identified.

The risks identified have been encompassed within four categories:

- governance & management
- operational risks
- financial risks
- compliance risk

Monmouthshire County Council as custodian and administrator of the Monmouthshire Farm Endowment Trust manage the fund on the Trustees behalf through the Cabinet and make all risk and investment decisions in a unified risk policy.

The following paragraphs list the risks identified & the steps taken to mitigate or eliminate the risk.

1. Governance & Management

(a) The fund lacks direction?

The activities of the Fund are governed by the guidance in Section 4 of the Charity Act 2000.

The Cabinet has a clear purpose to maximise the return on its investments and this is contained within the investment policy.

(b) There are conflicts of interest?

Cabinet members are elected in accordance with the electoral cycle and are required to conduct themselves in-line with the Authority's Code of Conduct.

Members are required to declare any interests related to the activities of the Trust and may not vote on these decisions. These matters are recorded in the official minutes.

Members allowance and expense payments are not charged to the Monmouthshire Farm Endowment Fund.

(c) Funds are used in-appropriately?

The purpose for which funds can be used is contained within the objectives of the trust.

(d) Key staff, leave the Council's employment?

The actions of Officers of the Council are determined by Delegated Powers.
A number of senior Council staff support and advise the Trustees on legal & financial matters.

(e) Inadequate information is provided to the Trustees?

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made available.

Variances between the anticipated & actual investment income will be reflected in the following year's grants.

2. Operational Risks

(a) Unsuitable staff support and advise Cabinet?

Monmouthshire County Council has a comprehensive recruitment process that is supported by a wide range of personnel policies.

The training & development needs of officers are identified through the Employee Review process.

A number of senior Council staff support and advise Cabinet on financial and legal matters.

(b) Systems & procedures are not secure?

Systems & procedures are documented & document retention policies are in place. IT systems have data back-up arrangements & disaster recovery plans. Periodic audits identify internal control improvement requirements. Insurance provides a means to recover from specified losses.

(c) Stakeholders are not satisfied with the operation of the Fund?

The Scheme made by the Trustees provides for the advancement of education in agriculture and related subjects at college.

The Trustees consider annual reports on the financial performance of the Trust.

The Trustees consider annually the level of funding available for grants.

(d) The assets of the Fund are at risk?

In accordance with the investment policy, a number of constraints are placed upon the way in which monies are used.

A risk minimization strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

(e) Unsatisfactory returns on investment are achieved?

The reserves policy requires monies be invested in financial instruments which produce interest payments and there is no appreciation in the capital value of the investment.

The overall aim is to obtain a satisfactory rate of return enabling Trustees to distribute an amount based on the forecast return on investments during the current year, after meeting the expenses incurred in managing the fund.

Annually, the Trustees consider the actual return on investments and the extent to which the investment objectives have been achieved.

3. Financial Risks

(a) Budgetary control is inadequate?

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made.

Variance between the anticipated and actual investment income will be reflected in the following year's grants.

(b) Financial administration is unsatisfactory?

Monmouthshire County Council personnel policies and procedures ensure Officers are appropriately qualified for the roles undertaken.

Internal control arrangements ensure there is division of duties amongst Officers. Periodic audits review the internal control arrangements.

(c) Financial losses arise due to speculative investment?

The investment policy prescribes a risk minimisation approach that can limit the investment of funds to institutions meeting specified criteria.

(d) Financial losses arise from fraud or error?

The internal control arrangements are based upon segregation of duties. Periodic audits review the internal control arrangements. Insurance provides a means to recover from specified losses.

4. Compliance Risk

(a) Failure to comply with legislation / regulations?

The activities of the Fund are specified within objects of the Trust. The nature and format of financial reporting is specified by the Charity Commission and an external audit of the accounts is mandatory. Senior Council staff support and advise Cabinet on legal and financial matters.

The Investment & Fund Strategy for the Welsh Church Act Fund 2025/26

1. Background

1.1. The Cabinet shall each year consider for approval an annual Investment Strategy. The Cabinet may also request submission of a longer-term investment strategy for approval. The Cabinet before implementation must approve any proposed in-year modification to the Investment Strategy.

1.2. This Welsh Church Fund Funds strategy shall be considered in conjunction with any review of the Trustees Investment Strategy.

1.3. Local Authorities are required by the Welsh Government's Investment Guidance to produce an Annual Investment Strategy. The Trustees of the Welsh Church Fund have elected to use this Guidance where practicable and relevant. The guidance emphasises an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds.

1.4. This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Welsh Church Fund and Monmouthshire County Council (the sole Trustee of the Welsh Church Fund).

2 Interest Rate Forecast

2.1 The UK Bank Rate reached 4.75% in December 2024 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the first quarter of 2025 to a low of 3.75% by early - mid 2026, although the timing and extent of rate cuts remains highly uncertain.

2.2 The Welsh Church Fund, by means of this Investment strategy is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and thereby reduce the underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

2.3 In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.

2.4 The Welsh Church Fund is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

3. Annual Investment and Fund Strategy

3.1. The Cabinet shall invest Welsh Church Fund monies in accordance with Section 15 of the Scheme made by the County Council of Monmouthshire under Section 19 of the Welsh Church Act 1914.

3.2. In accordance with best practice, the Welsh Church fund must consider the three objectives of security, liquidity, and yield in relation to the investment of its funds when making any investment. Maintaining a high level of security of investment ensures the long-term income generating capacity of the fund. The liquidity or accessibility of a portion of the investments ensures in the short-term expenses of the fund can be met in full.

3.3. The Overall Fund Strategy of the Welsh Church Trust Fund is to generate investment returns which after meeting the expenses of managing the Fund, can be distributed to selected beneficiaries. The investment strategy is therefore to maximise returns commensurate with appropriate levels of security and liquidity. Investments in Collective Investment Funds are likely to result in fluctuations in principal. It is acceptable to allow this, if having taken appropriate advice; they are expected to be temporary in nature, in order to improve total returns over a 3 to 5 year' business cycle.

3.4. At 31st March 2024, the Welsh Church Fund had £5.214m of Fixed Asset and Pooled Fund investments (market value) and £225,434 of cash.

3.5. Financial Investments which do not meet the strict definition below of high credit quality and which have a longer-term Investment horizon can be made but only after consulting with the Fund's treasury advisors and the Deputy CEO / Chief Officer for Resources (S151 Officer) at Monmouthshire County Council, who represents the Trustees, to ensure the level of risk is in line with the Welsh Church Fund's other current investment options.

3.6. The types of investments vehicles that are permitted to be utilised by the WCF are as follows:

Table 2: Investments

Investment	Specified
Call accounts, term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills, or the UK Debt Management Office	✓
Collective Investment Schemes	✓
Pooled funds with Monmouthshire County Council	✓

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3.7. Investments can be taken out by the Fund without specific consultation to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and that they meet the “high credit quality” criteria determined by the Trustee and set out in paragraph 3.8 and are not deemed capital expenditure investments under Statute.

3.8. The Trustees and its advisors select countries and financial institutions after analysis and ongoing monitoring of;

- Published credit ratings for financial institutions (counterparties):
  - Investments are classed as having high credit quality if the lowest credit rating they have with Fitch, Moody’s and Standard & Poor’s’ is A-, A3 and A- or higher.
  - And a country rating of AA+ or equivalent for non-UK sovereigns
- Credit Default Swaps (where quoted)
- Sovereign Support mechanisms
- Economic fundamentals (for example Net Debt as a percentage of GDP) and economic trends
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Historical performance and expected future trends of Collective Investment Funds
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern. The Welsh Church fund will not enter into any investment if it is outside the advice given by its Treasury Advisors, which is updated monthly, weekly, and daily according to the movements in the worldwide backdrop. This includes guidance on the maximum maturity of investments with approved counterparties.

3.9. New Investments made directly by the Welsh Church Fund will be restricted in the following ways to ensure diversification and hence reduction of both credit risk and interest rate risk:

- A minimum of £300,000 needs to be held in investments which are of sufficient liquidity, these include cash or other investments with less than one year before maturity so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments.
- The maximum investment amount, which can be invested in any one Collective Investment Fund (at the time of investment) is 20% of the total investment balance. The amount invested should be spread across different asset classes such as Property, Bonds and Equity.

- Up to 100% of the total investment balance can be held with Monmouthshire County Council.

- Up to 100% of the total investment balance can be invested as term deposits or call accounts with banks and building societies. The maximum amount that can be invested with any one financial institution counterparty is 10% of the total investment balance.

- The maximum duration of term deposits with banks and building societies shall be in line with the advice given by the Trust's Treasury Advisors, which varies with world economic factors.

3.10. At the end of each financial year, Governance & Audit Committee consider the actual return on investments and the extent to which the investment objectives have been achieved.

3.11. The Cabinet shall observe the following constraints in pursuing the investment objectives:

- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council under section 19 of the Welsh Church Act 1914.

- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. Interest earned by the Authority and any investment losses incurred by the Authority will be apportioned proportionally between the Local Authority and Monmouthshire Welsh Church Act Fund in line with the total investments held by each party.

NB: Any investments that move outside of the above criteria with time will be reinvested with the above criteria on maturity.

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

3.13. A commitment was made by the Trustee's in September 2022 to investigate how responsibly the Trustee invests it cash balances, and to develop a sustainable investment policy that is compatible with the Declaration of a Climate Emergency and the Well Being of Future Generations Act. It is noted that the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investments funds or bodies are multifaceted which makes current evaluation increasingly difficult. The Trustee will continue through 2025/26 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied.

3.14. As a consequence, any funds invested directly with or held by the Trustee during 2025/26 will be subject to their ESG policy as outlined below.

3.15. **ESG policy:** Environmental, Social and Governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Trust's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

3.16. Performances of the externally managed pooled funds of the Welsh Church Fund for the 12 months to March 2024 are set out below. These investment funds will be reviewed in 2025/26 to ensure that they are fulfilling the criteria of income generation and capital sustainability, especially in light of a higher interest rate environment.

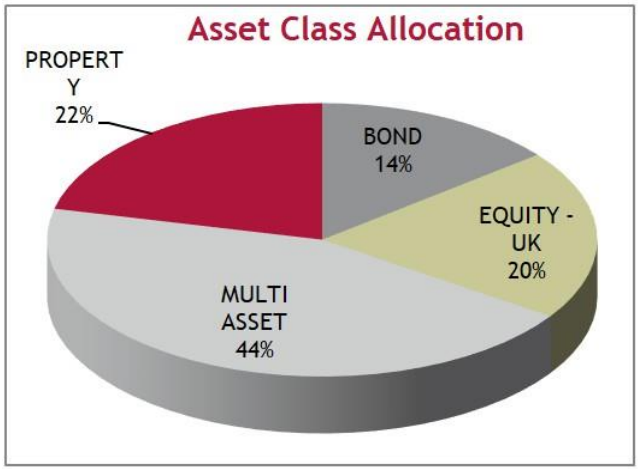
3.17. The dividend income earned from this portfolio, shown by the maroon bars, was £197,827 for the 12 months until March 2024.

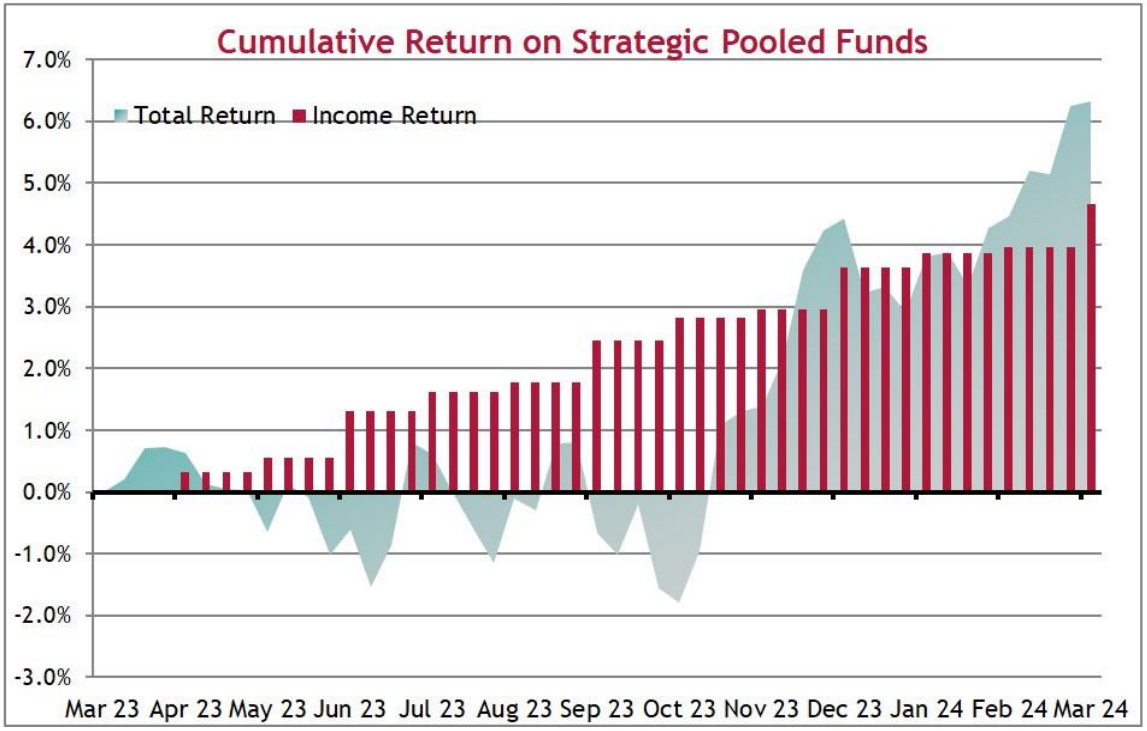
STRATEGIC POOLED FUND PORTFOLIO	MONMOUTHSHIRE WELSH CHURCH FUND	From:	31/03/2023	To:	31/03/2024

FUND NAME	ASSET CLASS	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
CCLA - COIF INVESTMENT FUND	MULTI ASSET	1,379,696	116,067	36,929	1.0	9.19%	2.92%	12.11%	8.1%
CCLA - COIF PROPERTY FUND	PROPERTY	920,618	-50,073	49,806	1.0	-5.16%	5.13%	-0.03%	2.4%
M&G CHARIBOND FUND	BOND	617,340	4,975	22,359	1.0	0.81%	3.65%	4.46%	5.8%
M&G CHARIFUND	EQUITY - UK	506,656	-9,426	29,924	1.0	-1.83%	5.80%	3.97%	11.5%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	361,322	1,634	25,450	1.0	0.45%	7.08%	7.53%	11.4%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	525,417	7,178	33,358	1.0	1.39%	6.44%	7.82%	5.8%
GRAND TOTAL		4,311,051	70,355	197,827	1.0	1.66%	4.66%	6.32%	5.2%

Unrealised capital gain since purchase: 248,243 **Annualised income return:** 4.66%

Average Bank Rate: *4.51%*





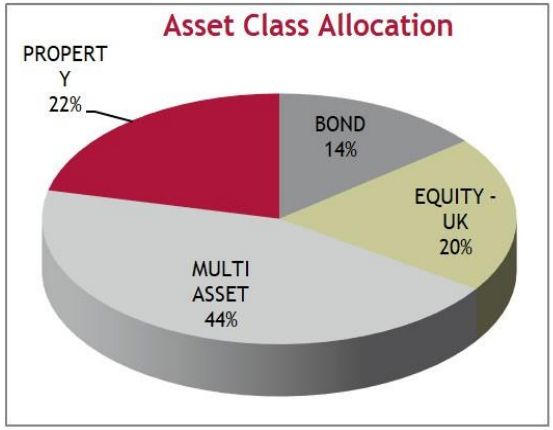
3.18. The values and performance of the investments from the date of investment is reported in the latest available Arlingclose report, are as follows:

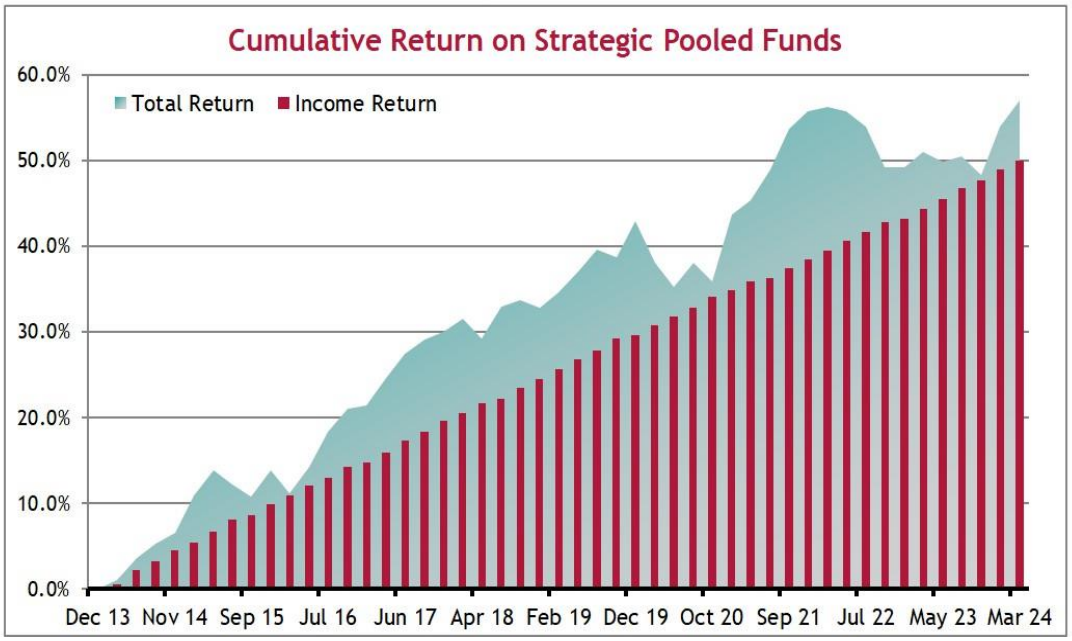
STRATEGIC POOLED FUND PORTFOLIO	MONMOUTHSHIRE WELSH CHURCH FUND	From:	31/12/2013	To:	31/03/2024	10.25 Years

FUND NAME	ASSET CLASS	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	Capital Return annualised	Income Return annualised
CCLA - COIF INVESTMENT FUND	MULTI ASSET	1,379,696	599,035	352,267	10.2	76.73%	45.12%	121.86%	7.3%	5.71%	3.70%
CCLA - COIF PROPERTY FUND	PROPERTY	920,618	85,560	554,008	10.2	10.25%	66.34%	76.59%	5.5%	0.96%	5.09%
M&G CHARIBOND FUND	BOND	617,340	-67,972	228,680	10.2	-9.92%	33.37%	23.45%	4.3%	-1.01%	2.85%
M&G CHARIFUND	EQUITY - UK	506,656	5,887	266,624	10.2	1.18%	53.24%	54.42%	10.0%	0.11%	4.25%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	361,322	-138,678	300,738	9.0	-27.74%	60.15%	32.41%	8.6%	-3.54%	5.37%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	525,417	-201,975	312,041	10.2	-27.77%	42.90%	15.13%	5.0%	-3.12%	3.54%
GRAND TOTAL		4,311,051	281,857	2,014,358	10.1	7.00%	49.99%	56.99%	4.4%	0.20%	4.07%

Unrealised capital gain since purchase: 248,243 **Annualised income return:** 4.07%

Average Bank Rate: *1.02%*





Welsh Church Fund's Bank Account

3.19. The Welsh Church Fund holds cash with Barclays Bank. At the current time, it meets the minimum credit criteria.

4. Training

4.1. The Authority, acting as Trustee to the Welsh Church Fund, will ensure that suitable awareness training is provided to members of the Governance & Audit Committee and Cabinet to enable them to discharge their scrutiny function together with such wider training as may be required from time to time.

5. Investment Consultants/ Treasury Advisors

5.1. The Welsh Church Fund use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to investments is provided from publicly available data and is summarised in order to assist with decision making within the Authority. The information and advice encapsulate the level of risk of investment and the variety of options available.

Appendix 4

Welsh Church Fund – Risk Assessment Policy 2025/26

The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed, and the key risk faced by the Welsh Church Fund is a loss or reduction in the amount of monies available.

An assessment of the risks faced by the Welsh Church Fund has been undertaken and steps taken to:

- avoid risks through alternative strategies
- transfer risks to others
- limit and reduce risks by improving controls
- insure against specified risks

On an annual basis, the risk assessment will be reviewed and updated to include any new risks identified.

The risks identified have been encompassed within four categories:

- governance & management
- operational risks
- financial risks
- compliance risk

The following paragraphs list the risks identified & the steps taken to mitigate or eliminate the risk.

1. Governance & Management

(a) The fund lacks direction?

The activities of the Fund are specified by the Scheme made by the County Council of Monmouthshire under section 19 of the Welsh Church Act 1914.

The Cabinet has a clear purpose to maximise the return on its investments and this is contained within the investment policy.

The Cabinet is accountable to the Councils within the Greater Gwent area.

(b) There are conflicts of interest?

Members of the Cabinet are elected every 4 years and are required to conduct themselves in-line with the Code of Conduct.

Members are required to declare any interests related to the activities of the Cabinet and may not vote. These matters are recorded.

Members allowance and expense payments are not charged to the Welsh Church Fund.

(c) Funds are used inappropriately.

The Charitable purposes for which funds can be used is contained within the Scheme made by Monmouthshire County Council, which is also implemented by the other constituent authorities within the Monmouthshire Welsh Church Fund Scheme. The Trust has set criteria to assist constituent authorities in making grant distributions and to ensure that there is transparency in decision-making and due process. The Trust will ensure that grant distributions have been made in accordance with the scheme in place and within the set criteria developed.

The investment and fund strategy prescribes a risk minimisation approach, with funds only placed with institutions meeting specified criteria.

(d) Key staff leaving the Council's employment?

The actions of Officers of the Council are determined by Delegated Powers.
A number of senior Council staff support and advise the Cabinet on legal & financial matters.

(e) Inadequate information is provided to the Cabinet?

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

Variances between the anticipated & actual investment income are taken into consideration in the following year's grant awards to the constituent Councils.

2. Operational Risks

(a) Unsuitable staff support and advise the Cabinet?

Monmouthshire County Council has a comprehensive recruitment process that is supported by a wide range of personnel policies.

The training & development needs of officers are identified through the Employee Review process.

A number of senior Council staff support and advise the Cabinet on financial and legal matters.

(b) Systems & procedures are not secure?

Systems & procedures are documented & document retention policies are in place. IT systems have data back-up arrangements & disaster recovery plans. Periodic audits identify internal control improvement requirements. Insurance provides a means to recover from specified losses.

(c) Stakeholders are not satisfied with the operation of the Fund?

The Scheme made by the County Council of Monmouthshire provides for financial assistance to be made available for a wide range of community activities.

The Authority's Audit Committee considers annual reports on the financial performance of the Fund.

The Constituent Councils also consider annually the level of funding available for community activities.

(d) The assets of the Fund are at risk?

In accordance with the investment policy, a number of constraints are placed upon the way in which monies are used. A risk minimisation strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

The proposed Investment and Fund Strategy for 2025/26 for the Welsh Church Fund includes scope for investment in pooled investment funds (Collective investment funds).

(e) Unsatisfactory returns on investment are achieved?

The fund strategy requires monies be invested in financial instruments which produce interest payments and where there is no long-term depreciation in the capital value of the investment.

The proposed Investment and Fund Strategy for 2025/26 allows for the continued use of pooled investment funds. This does increase the risk that the principal amounts held can go down as well as up in value. This is suited to the Welsh Church Fund as the Trust can tolerate these movements over a business cycle. The movements are expected to be neutral over a business cycle and the earning power of these investments is not largely affected by the market value.

The overall aim is to obtain a satisfactory rate of return enabling the Cabinet to distribute an amount based on the actual return on investments achieved during the preceding twelve-month period plus any accumulated capital receipts, after meeting the expenses incurred in managing the fund.

Annually, the Cabinet considers the actual return on investments and the extent to which the investment objectives have been achieved. Benchmark information is available from the Authority's Treasury Management Advisors for jointly invested funds with the Council.

3. Financial Risks

(a) Budgetary control is inadequate?

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

Variance between the anticipated and actual investment income will be reflected in the following year's grants to the constituent Councils.

(b) Financial administration is unsatisfactory?

Monmouthshire County Council personnel policies and procedures ensure officers are appropriately qualified for the roles undertaken.

Internal control arrangements ensure there is division of duties amongst officers.
Periodic audits review the internal control arrangements.

(c) Financial losses arise due to speculative investment?

The investment policy prescribes a risk minimisation approach that can limit the investment of funds to institutions meeting specified criteria.

(d) Financial losses arise from fraud or error?

The internal control arrangements are based upon segregation of duties.
Periodic audits review the internal control arrangements.
Insurance provides a means to recover from specified losses

4. Compliance Risk

(a) Failure to comply with legislation / regulations?

The activities of the Fund are specified within the Scheme made by the County Council of Monmouthshire.

The nature and format of financial reporting is specified by the Charity Commission and an external audit of the accounts is mandatory.

A number of senior Council staff support and advise the Cabinet on legal and financial matters.

Ensure that the Welsh Church Fund is administered in line with the Charities Act 2011.

WELSH CHURCH FUND PRINCIPLES, POLICY CONSIDERATIONS AND GRANT ALLOCATION CRITERIA – 2025-26 FUNDING YEAR

Basic Principles of the Welsh Church Fund Trust

The basic principle is that the charity needs to be independent of the local authority. This means that decisions about the administration of the charity need to be taken solely in the interests of the charity to further its charitable purposes, and for no other purpose.

There are also a number of duties the trustee must consider when making this type of decision. If these duties are met, then the trustee can be confident that the decision about how to apply the charity's income is reasonable and defendable. Therefore, again, the trustee must act only in the charity's best interest and meet the duties to:

1. Act within the powers conferred upon them and the established rules and procedures for dealing with issues of the kind under consideration.
2. Adequately inform themselves in order to make the decision in question, where necessary making further enquiries and where appropriate considering legal or other professional advice.
3. Consider any factors which they should take into account.
4. Not take into consideration any factors which are not relevant.
5. Act in good faith (and this includes managing conflicts of interest).
6. Make a decision within the range of decisions which a reasonable body of trustees could have made.

The decision and the reasoning must also be clearly recorded in the charity's minutes.

Policy Considerations for Charity Trustee

1. Make sure the trustee is clear about the objects of the charity as set out in its governing document as these dictate how any such asset may be used, in accordance with charity law.
2. Make sure that the Welsh Church Fund's assets, for which the council is the trustee, are managed independently in accordance with their charitable purpose and any restrictions in the governing document.
3. Recognise that the charity trustees have a duty to be prudent and to act solely in the best interests of the charity.

4. Ensure that there are in place clear procedural guidelines for the Officers and Councilors about their roles, responsibilities and decision making in the administration of the charitable fund.
5. Ensure we have a clear process for identifying and managing any conflicts of interest that arise where the local authority is the trustee of a charity.

Allocation Criteria for the Welsh Church Fund Working Group

Groups and individuals that benefit from grant allocations

Churches and Religious Groups tend to be given higher awards as it is the Welsh Church Fund.

Church Parish's

Community Groups and Charities

Sports and Recreation Clubs

Environmental Groups

Individuals that have an identified and proven need of financial assistance

Other deemed charitable causes by the Working Group Committee

Allocation Policy and Principles

- Awards are only given on the existence of a proven financial need as identified by a sponsoring Councillor in the first instance and the Welsh Church Fund Working Group Committee in the main instance.
- Existing policy of no allocations to Community or Town Councils
- Existing policy of no allocations to Private Business's
- Existing policy of no allocations to other Public Bodies

- Existing policy of not supporting the day to day running expenses except in exceptional circumstances as clubs / organisations should be self-supporting and not rely on WCF money for their continued existence.

- Existing policy of only Churches being allowed to re-apply every year to be maintained, though, those applications will only be considered where the application is for a different and distinct purpose.

- Existing policy of restricted or no allocations for day trips or trips that will not benefit the County by an individual's subsequent personal actions

- The trust currently has a policy of dropping an application if deferred for further information at the first meeting, if then subsequently that information is not received by the next meeting date. This policy will continue. Emphasis on sponsoring Councillor to ensure sufficient evidence is presented along with application.

- Any assistance to schools or educational establishments that come under the general umbrella of MCC will ONLY be assessed in light of the merit and purpose of the application and in consideration and conjunction with any future Children and Young People's policy in relation to School Welfare and Support groups.

- Confirm a Policy that no undergraduates will be supported as they all have access to funding from Student Finance Wales.

- Confirm the Policy that the trust will continue to only pay grant awards by BACS payments in line with current MCC payment guidelines and to save the Trust from excessive and unnecessary administrative charges.

- Confirm the Policy that applications will only be accepted on the current application form as currently posted on the MCC Website (The Welsh Church Fund: Monmouthshire County Council) as this will contain all the currently required information.

- Confirm the Policy that the Councillor signing the application ensures that the application qualifies for funding under the Charitable Purposes of the Trust as posted on the MCC website.

- Confirm the Policy that when a Councillor signs an application to the Welsh Church Fund that they are fully aware of the purpose to the application and ensure that they have seen any supporting evidence or documentation required to support the application (i.e. Accounts, Bank Statements, letters of representation etc.) and ensure that it is submitted with the application in order that the Working Group Committee can make an informed and timely decision at the first meeting.

- Confirm the principle of restricted awards or no grant allocations to organisations that receive direct financial support from MCC or any other Local Authority for Administrative expenses.

- Support the principle that applicants should show effort and willing in raising funds themselves as well as expecting grant aid from the Welsh Church Fund.

- Principle that there is a defined financial pot that has to be shared equally between deserving applicants and throughout the financial year. Any remaining funds at the financial year end will be carried forward to the next financial year.

- Continuation of the policy that the budget for the next financial year is recommended by the Section 151 Officer of Monmouthshire County Council as they are in the best possible position to assess future financial performance and financial assets available for distribution in light of the Charity's policy to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure.

- For the financial year 2025/26 that there is no maximum grant award as available funding allows, imposed on all non-individual applications and that a maximum award of £500 is imposed upon applicants by individual applicants. This limit will be reviewed annually once a decision has been made on the grant distribution for the next financial year by the Trustee.

- The Working Group Committee has the right to set a Policy / Principle that is binding at any Committee meeting in the future if it is regarded to be in the best interest of the Trust even if a precedent may have been set by a past decision.

- The Working Group Committee will set out the Principles and Policies for each financial year at the last meeting of the previous financial year.

- No appeal procedure will be allowed against grant application decisions made by the Working Group Committee. If a sponsoring Councillor would like to resubmit an application for review on a decision that has been made by the Working Group Committee, then new material evidence that was not available at the previous meeting must be presented.

- A conflicts of interest procedure has been ratified. Councilor's that are associated with any application are asked too:

a) declare their interest,
b) may remain in the room and remain silent,
c) be allowed to present the case or relevant points if requested by the chair for clarification purposes only,
d) be part of any application re-consideration process only at the request of the chair for clarification purposes

- The Working Group Committee has the overall right to dismiss any application they feel is inappropriate for funding even though it may qualify under the Charitable Purposes to which the fund may be applied, as they feel it would not be in the best interests of the Charity.

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Integrated Impact Assessment document

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

Name of the Officer D Jarrett **Phone no: 4657** **E-mail: davejarrett@monmouthshire.gov.uk**	**Please give a brief description of the aims of the proposal** To assess the 2025/26 Investment & Risk Management Strategies of the Welsh Church Fund and Mon Farm Education Trust
Name of Service Finance	**Date Future Generations Evaluation** 5th March 2025

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	Positive impact as most community groups who apply support the elderly. Also, educational grants awarded to young people applying to the Trusts	None identified	
Disability	Positive impact as grants awarded to groups and individuals that either support the disabled or have a disability	None identified	

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment		No restrictions on applicants	
Marriage or civil partnership	No impact	No restrictions on applicants	
Pregnancy or maternity	No impact	No restrictions on applicants	
Race	No impact	No restrictions on applicants	
Religion or Belief	Encouraging religion through education at the point of delivery through the provision of enhanced facilities	No restrictions on applicants	
Sex	No impact	No restrictions on applicants	
Sexual Orientation	No Impact	No restrictions on applicants	

2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have **due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.**

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	**Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.**	**What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?**
Socio-economic Duty and Social Justice	N/A	No Negative impact	

3. Policy making and the Welsh language.

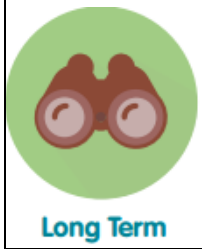
How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably	N/A	No Negative impact	
Operational Recruitment & Training of workforce	***N/A***	No Negative impact	
Service delivery Use of Welsh language in service delivery Promoting use of the language	**N/A**	No Negative impact	

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled,	Grants are awarded to help with infrastructure projects on cultural and community assets that	No negative impacts as grants given to assist in providing positive impacts on actions / schemes /

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
educated people, generates wealth, provides jobs	help sustain jobs in the community for skilled tradesmen and stimulate educational well being	training in regard to applicants needs
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Environmental schemes can benefit from funding awards to assist in drainage, water course management and flood alleviation works	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Grants assist in providing facilities for groups / individuals that help residents participate in sporting / recreational clubs that have a positive mental impact both physically and in the environment that the clubs operate within.	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Community groups and individuals can apply for funding for projects that enhance their local community facilities and environment	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Restrictions are imposed in regard to the nature and purpose that grants can be made to ensure that funding enhances or doesn't have any negative impact upon activities carried out in Monmouthshire that affect the global environment	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
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	Assists applicant organisations / individuals to promote recreational participation and organization of sports clubs and associations. Applicants can use the funds provided to enhance the heritage and culture of Monmouthshire through community projects and groups	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Grants are generally only given to organisations / individuals can prove a basis of need due to their own personal circumstances or collective need for improvement to cultural or environmental infrastructure or help further community participation	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future	Schemes of a capital nature tend to draw more substantial awards which will ensure longevity of assets and project outcomes. The application process also ensures that those applicants that demonstrate a need for short term financing also have due consideration when funding is allocated	The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.
Working together with other partners to deliver objectives	The Trusts assist applicants in achieving their objectives by providing part or full funding for implementation of their project goals.	Not Applicable to the Trusts
Involving those with an interest and seeking their views	The Committee seek to ensure that those directly involved with the applicants and decision makers are informed of all the necessary information to make informed beneficial decisions	The Trust report is distributed to interested parties for consultation and amendment before final confirmation at Cabinet
Putting resources into preventing problems occurring or getting worse	Funding is provided for preventative as well as remedial schemes in regard to infrastructure and community assets and supporting community groups with social and cultural activities	The trusts have developed investment strategy policies in order to facilitate greater income returns in order to distribute to qualifying applicants

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?
Integration — Considering impact on all wellbeing goals together and on other bodies	Positive impacts are made on all successful applicants to the Trusts as funding is provided for economic, cultural, environmental, and educational needs as demonstrated by the applicants on their application forms	The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.

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	Grants are awarded to organisations that assist children in need either through their health or social deprivation. Awards are also made to Community Children's Group's that assist in their integration in social patterns	No negative impact	
Corporate Parenting	Not applicable to the Trust		

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

The Arlingclose Ltd Monmouthshire County Council Capital & Treasury Strategy 2025/26.
The Arlingclose Ltd Monmouthshire Mon Farm Education Investment Strategy Review 2024.
The Draft Provisional Settlement from Welsh Government 2025/26.
The Welsh Church Act Fund Audited Accounts 2023-24 and
The Monmouthshire Farms School Endowment Trust Fund Accounts 2023-24.

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

The proposals that support the distribution of charitable grants from the trusts are positive in that they support individuals, community and environmental groups in their pursuit of enhancing the culture, environment and personal wellbeing of people covered by their demographic remits. The application of the Investment and Risk Strategies are designed to provide the maximum amount of investment returns to provide funds to support those applicants to the fund without substantially diminishing the Capital value of the Trust Funds.

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

What are you going to do	When are you going to do it?	Who is responsible
Distribute Grants	Throughout the financial Year 2025-26	Welsh Church Fund Committee

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

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	Cabinet	5th March 2025	

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SUBJECT: URGENT NEED FOR TEMPORARY HOMELESS ACCOMMODATION - PROPERTY ACQUISITION

MEETING: CABINET

DATE: 5TH MARCH 2025

DIVISION/WARDS AFFECTED: ALL

1. PURPOSE

1.1 To seek authorisation to proceed with the purchase of a residential 3 bed property in Abergavenny to refurbish and repurpose as a House in Multiple Occupation, to enable the Council to alleviate the pressures with homelessness and the reliance on unsuitable Temporary Accommodation, for example Bed and Breakfast.

1.2 To also seek approval for the Deputy Chief Executive to have future delegated authority, in liaison with the Cabinet Member for Rural Affairs, Housing & Tourism and Deputy Leader, to approve the property acquisition to facilitate expediency.

2. RECOMMENDATIONS:

That Cabinet:

2.1 Following consideration of the Business Case (Appendix 1 - EXEMPT), approves the acquisition of the property, utilising Transitional Accommodation Capital Programme Grant subject to Welsh Government approval, and drawing on the existing borrowing headroom and budget envelope of the capital programme, to address the purchase price shortfall.

2.2 Approve the delegation of responsibility to approve future property acquisition for homelessness to the Deputy Chief Executive, in liaison with the Cabinet Member for Rural Affairs, Housing & Tourism and Deputy Leader.

3. KEY ISSUES:

Local Context and Current Situational Analysis

3.1 In the four financial years since the Covid pandemic (2020-24) the Housing Options Team have seen a significant increase in the number of actual homeless applications received. Although day-to-day homeless presentations continue to be consistent with recent years, the situation in Monmouthshire is particularly acute due to increased demand in accommodation requirements and a lack of both temporary and permanent accommodation available. This presents significant challenges for the Council with currently unprecedented numbers of people in temporary accommodation.

3.2 There has been a need to make 117 new B & B placements this financial year up to the end of 31st December 2024. 156 B & B placements are projected this financial year. Positively this is an improving situation. Some households can have multiple B & B placements. The length of stay in B & B will largely be dependent on social housing vacancies becoming

available which in turn will impact on the availability of temporary accommodation. The circumstances and support needs of applicants is also relevant.

3.3 These levels of homelessness are extensive at present with a projection of B&B related expenditure of £1,517,920 for 2024/25, which is resulting in a projected budget pressure of approximately £150,000 for the Housing Service as a whole. At the end of January 2025 there were 30 households in Bed & Breakfast, 28 of which were single people.

3.4 As of 31st January 2025 there were:

- 2087 households with a recognised housing need registered on the housing waiting list with a total of 3836 households on the housing register.
- 181 households in temporary accommodation, including 30 households in bed and breakfast accommodation. Out of the 30 in bed and breakfast, 28 of these are single people.

3.5 Unfortunately, the situation in Monmouthshire is unlikely to improve significantly going into the short to medium term. This is due to the ongoing continuing limited supply of suitable temporary and move on accommodation; low levels of social housing stock combined with low vacancy rates and above average price private sector rental costs, resulting in limited availability for homeless placements. This is leading to an unavoidable use of expensive B & B's. The need for security for the vulnerable nature of clients, alongside a significant loss of Housing Benefit Subsidy where temporary accommodation is used, also being contributing factors to the challenging situation.

3.6 It is a WG policy objective to ensure that any period of homelessness is as short as possible and time in temporary accommodation is minimised, moving towards a Rapid Rehousing approach to homelessness. Unfortunately, due to the lack of available 'move on' accommodation this is currently extremely challenging. At present the current average period between the Council accepting a homeless duty and being provided permanent social housing is circa 12.7 months, an increase approximately 10.2 months from 2022/23 and from 11.5 months for 23/24.

3.7 This continuing situation is clearly less than ideal and something that this report seeks to address. The Council's current provision of TA is mainly through leased privately-owned accommodation along with some owned by Registered Social Landlords. A range of accommodation is provided including bed and breakfast, shared and self-contained. The current reliance on privately-owned accommodation leads to inconsistencies in the standards of accommodation and a lack of long-term security. Several landlords are terminating their leases as the Council is unable to complete with market rental values or selling their properties due to the additional requirements associated with the Renting Homes (Wales) Act 2016 and/or the status of the housing market. At present there is a risk of losing 22 units of single person temporary accommodation across 5 properties as the Council has been served notice by the landlords. Whilst the number of private leased properties is increasing gradually, the growth of the scheme is still not sufficient to meet the required accommodation need.

3.8 Waiting times in TA are currently high, with homeless households taking more than 12 months, on average, to be rehoused in social housing. With such lengthy stays in TA, it is essential that the accommodation provided is affordable, safe and secure environments for people to live in, this is not consistent with bed and breakfast accommodation. The Council therefore wishes to address this issue through increasing the provision of high quality, self-contained TA.

3.9 The local planning process has made, and will continue to make, an essential contribution towards affordable housing delivery. Since adoption of the Local Development in 2014 there have been a total of 661 homes (to 31st March 2024). On smaller sites, 'commuted sums' totalling £905,458 have been secured for provision of off-site affordable housing within the locality. While this provision helps meet our affordable housing need, a combination of rising house prices, a widening affordability gap between house prices and wages, and increased demand exposed during the Covid pandemic mean there is a significant shortfall in supply. Although work has positively progressed on the Replacement Local Development Plan (RLDP), there has been the impact of a time lag, during which two significant factors which have previously constrained new housing supply. Firstly, almost all of the adopted LDP's allocated sites have consent and are complete or under construction. Secondly, some of those sites together with other 'windfall developments' in the northern two-thirds of the County were impacted by the phosphates water quality issue in the rivers Usk and Wye. Hence the need to purchase existing properties to reduce the number of people in TA.

National Context

3.10 This ongoing pressure is a consequence of Welsh Government's change in Wales' approach to addressing homelessness since the Covid 19 pandemic began, where, as initially a public health measure, it became a Local Authority requirement to ensure people were taken 'off the streets'.

3.11 Since then Welsh Government have made it a priority to transform homeless services through a Rapid Rehousing approach by focusing primarily on early preventative actions across public services and, in housing, improving the quality and availability of accommodation, to ensure that any period of homelessness is brief and non-recurring, with support allowing people to access suitable, long-term and stable homes.

3.12 Up until 31st March 2022, Bed and Breakfast, security costs and the housing benefit shortfall were funded via Welsh Government's Covid Hardship Fund however since April 2022 onwards, despite additional Welsh Government funding, these costs have not been fully covered resulting in a continuing negative budget situation for the Council, although it is currently an improving situation.

Funding Options

3.13 Higher levels of capital funding are currently available to support property purchases, a Social Housing Grant (SHG) budget of £10.8m has been provided for Monmouthshire for 2024/25 and an indicative budget of £9.8m has been provided for 2025/26. Both years are provisionally fully allocated. In addition, the Council were given a Transitional Accommodation Capital Programme (TACP) allocation of £2.6m which the Council is currently allocating. At the end of December 2024, Welsh Government announced that there was additional TACP funding available for 24/25 to utilise for purchases from the council's 'reserve list.'

3.14 Properties funded through SHG must meet Welsh Government affordable housing standards - the "Welsh Development Quality Requirements (WDQR) 2021" which require homes to be high quality, spacious, energy efficient, low carbon homes. TACP funding allows for more flexibility in the standards properties must meet.

3.15 Section 106 contributions also provide an alternative source of funding towards the provision of off-site affordable housing. As of January 2025, the Council has £905,458 in Affordable Housing contributions, these must be used to deliver affordable housing in perpetuity in the Housing Market Area from which they are collected.

3.16 For this purchase, TACP will fund a 70% proportion of the purchase and refurbishment requirements. However, it comes with funding requirements and regulations that requires the Council to contribute the other 30%. Hence the need to draw upon the existing borrowing headroom of the capital programme or S106 contributions.

3.17 A condition of TACP in relation to this proposal is they must meet the Minimum Standards for Shared Accommodation and be used for a minimum of 5 years and a maximum of 10 years, after which they must be sold on the open market. This, however, fits with the Council's strategy of short reliance on HMO's whilst aiming to eventually phase out shared temporary accommodation housing for self-contained accommodation.

3.18 Further to acquisition, an ability to access borrowing to significantly refurbish and remodel the residential property in MCC's ownership will derive additional accommodation to combat the temporary accommodation demand.

3.19 However, there are risks associated with the acquisition of properties. To mitigate this risk, Officers have targeted this property for repurposing as a HMO in an area where there is a shortage of one bedroomed single persons accommodation. A viability assessment has been undertaken, including cost modelling, although costs associated with conversion are still estimated.

3.20 Next Steps – Purchase of property in Abergavenny

3.21 This proposal seeks to purchase a 3-bedroom detached bungalow in Abergavenny to refurbish and repurpose to a House in Multiple Occupation to provide TA for homeless single persons. The proposal aligns with the objectives of the Community and Corporate Plan's in creating a 'Fair place to live' and the priorities of Monmouthshire's Cabinet around Homelessness, Social Housing and Affordable Housing. In addition, the proposal contributes towards the Council's strategic housing priority: "To respond to increasing levels of homelessness and work towards rapid rehousing ambitions".

3.22 The key objectives for this purchase are therefore to:

- To provide a good quality additional unit of shared temporary accommodation suitable for single people. Accommodating single people is a particular challenge at present due to the lack of shared and one bed accommodation in the existing TA portfolio and therefore low turnover. This is resulting in single people having to wait an average of 15.5 months for social housing, longer than the average wait for all social housing.
- To improve the well-being of four homeless single people through the provision of high quality, shared temporary accommodation – This property has specific advantages as it will provide a option to accommodate a household that has mobility issues, due to the property being one level. In addition, Welsh Government require authorities to provide temporary 'Homes' that are safe and secure and where households can rebuild their lives.
- To respond to levels of homelessness through the provision of Council-owned accommodation – Whilst it is difficult to project how many properties and how many different property types will be needed, the on-going accommodation need (e.g. type, size, location etc.) is continually monitored and reviewed by the Council. Any agreement to purchase/acquire accommodation will be managed accordingly and will only be acquired if needed. This practice is already in place in respect of the development of affordable housing and the acquisition of private leased accommodation.

- To provide robust housing management by the Temporary accommodation team and to ensure residents benefit from housing related support. The Housing Support Grant Programme is currently being refreshed to ensure that it is fit for purpose.
- To contribute to the Council's Rapid Rehousing Transition Plan
- To utilise TACP and borrowing or S106 contributions to mitigate against projected underspend.
- To reduce revenue costs associated with the use of bed and breakfast accommodation.
- To improve the quality of housing stock in Monmouthshire through refurbishment, utilising framework contractors and local businesses where possible i.e. through installation of solar PV or replacing gas boilers.

3.23 The property requires full renovation, and refurbishment works to improve the standards of the accommodation to meet Welsh Development Quality Requirements (WQDR) 2021 where possible, allowing Transitional Accommodation (TACP) to be accessed. It is therefore proposed that the required improvements are undertaken and ongoing maintenance 'in-house' is provided the support of the Council's Property Services and framework contractors.

3.24 This report aligns with a previous approval by Cabinet and ratification on 3rd March 2022 to establish £2M borrowing headroom to enable specific property acquisition and remodelling to alleviate homelessness.

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

4.1 The Equality and Future Generations Evaluation Assessment detailed in **Appendix 2**, details the following positive impacts which include:

- An opportunity to increase housing supply thereby helping local people remain in their home communities;
- A greater ability for the Council to determine the location of accommodation;
- The provision of additional housing options in terms of numbers of properties and type to assist homeless households;
- The provision of better-quality accommodation in the County for those with high homeless and support needs;
- The acquisition of properties as potential future assets;
- The development of local accommodation provision to enable the service to plan and develop in the medium to longer term planning;
- Less delays in being able to provide sustainable accommodation options;
- An opportunity to provide a settled period for applicants to access help and support nearer home;
- A positive contribution to the health and well-being of homeless households which are likely to also impact positively on Social Care clients and the Directorates priorities.

4.2 There are therefore no negative impacts associated with this proposal.

5. OPTIONS APPRAISAL

5.1 An options appraisal has been undertaken in Table One below and can be summarised as followed:

Table One – Options Appraisal

Current Issues	Solutions this proposal will present
The Council's current provision of TA is through leases with private landlords and RSLs, including extensive use of bed and breakfast accommodation. Also, the Council now owns one unit of temporary self-contained accommodation.	This proposal is to purchase a property to be maintained and managed by the Council to provide TA for homeless households, thereby reducing the reliance on bed and breakfast accommodation.
There is a lack of temporary accommodation, particularly in the north of the County for single homeless people. This is the Council's largest area of housing need.	This proposal would provide shared temporary accommodation for homeless single person households.
There is Welsh Government capital funding available to support and encourage local authorities directly or indirectly to acquire good quality accommodation for homeless purposes	The proposal is to access TACP to support the purchase and mitigate against current use of Bed & Breakfast.
The property in question is available on the open market.	There is the potential to increase the energy efficiency of the property.
The current financial implications of the current use of B & B accommodation are unsustainable.	The proposal contributes to the Council's Rapid Rehousing Transition Plan.

5.2 To 'Do nothing' would mean continuing to manage the existing emergency and continual budget deficits. Whilst this may not add to the Council's longer-term capital borrowing, it will continue to be detrimental to the Council's revenue expenditure and the quality of homeless accommodation provided. This option is therefore discounted, as it raises the greatest legal, financial and reputational risk for the Council.

5.3 **Risks and Mitigation**

A Risk Assessment has also been undertaken and is detailed in Table Two that follows:

Table Two – Risk Assessment

Risk	Mitigation

Planning Permission to convert to a HMO may not be approved.	The completion of purchase will be subject to acquiring Planning Permission.
Housing management issues/Anti-social behaviour.	The property will be managed directly by a Housing Options Team Accommodation Officer. Households will be provided with Housing Support.
Property maintenance and management.	The accommodation will be maintained and managed by the Housing Options Team who will manage day to day repairs and cyclical maintenance. Property Services Team will support the refurbishment and planned maintenance of the property.
Viability	Capital grant funding will be sought through TACP, cost modelling has been provided in the accompanying business case.
Property may sell before the Council is able to purchase.	On going negotiations are taking place with the vendors.
TACP is not agreed by Welsh Government.	The Council has received Indicative funding Approval from Welsh Government in respect of the estimated property purchase price. Further Indicative Approval is awaited in respect of the refurbishment costs of approximately. It is believed that the property will meet the standards required to access TACP. £2m borrowing headroom approved by Council is proposed to be accessed to fund the acquisition and refurbishment.
Financial risks in relation to cost of refurbishment works.	Work closely with Property Services to agree the scope of works and opportunities for value engineering/savings, with due consideration for the lifespan of any improvements to ensure they are durable given the potential high turnover of tenants.
Procurement of professional Services to complete refurbishment works to required standards.	Availability of contractor and other professional services may delay the preferred programme for completion of the project. It is proposed that a contractor will be appointed via existing framework agreements or individual tender.
Objections from the local community including the Town Council.	The property will be managed directly by a Housing Options Team Accommodation Officer.

	Applicants will be assessed for suitability to be placed in the property. Households will be provided with Housing Support. The Housing Options Team works closely with the Police and Community Safety colleagues. The ward member has been consulted, and the Town Council has been advised of this proposal.
The Council's need for single persons temporary homeless accommodation is addressed.	This is the aim of the Council to address single persons homeless need. The property will be disposed of in line with the TACP grant conditions that the Council will use for a minimum of 5 years and a maximum of 10 years.

6. REASONS:

6.1 The Council has a duty to prevent and respond to homelessness under the Housing (Wales) Act 2014.

6.2 The Council is expected to support Welsh Governments homeless policy vision that homelessness should be rarer, brief and non-recurring.

6.3 The proposal also supports the Council to meet the Welsh Government requirement to adopt a Rapid Rehousing approach to homelessness as per the Rapid Rehousing Transition Plan approved by Cabinet - 5th April 2023 whilst also addressing other relevant policy documents such as Homelessness Strategy GOV WALES, Ending Homelessness in Wales: a high level action plan 2021 to 2026 (gov.wales) and Homelessness accommodation provision and rough sleeping: July 2022 GOV.WALES.

7. RESOURCE IMPLICATIONS

7.1 The accompanying business case for this purchase **(See Appendix 1 – EXEMPT)** seeks to undertake specific property acquisitions and remodelling where the Council is unable to identify suitable providers of temporary and sustainable accommodation in the County.

The proposal is to fund this acquisition through Welsh Government Transitional Accommodation Capital Programme grant, subject to approval, which will cover 70% of the purchase and refurbishment. Borrowing or S106 financial contributions will be required for the remaining 30% of the costs as grant funding is only available for a 70% proportion. A TACP funding application has been submitted to Welsh Government, the outcome of which is expected to be imminent. The level of borrowing has been calculated and borrowing costs will be met from property rental income. (**See Appendix 1 – EXEMPT**)

7.2 When comparing the total cost of this proposal to the existing option of accessing B & B accommodation, this results in a net cost avoidance to the Council's revenue budget. The overall level of cost avoidance will be dependent upon the amount of the final interest rate applicable on borrowing and the final purchasing, commissioning and annual running costs. Indicative cost avoidance under varying scenarios is included in Appendix 1 - EXEMPT

7.3 The Council's Landlord Services teams (Estates and Property Services), with the support of the Housing Options Team maintenance arrangements, will ensure the asset is well maintained and to ensure that asset values are retained such that best value is derived upon any subsequent disposal. It is essential that property condition is monitored and there is a robust programme of planned maintenance and component renewal. This will ensure that the Council's accommodation is of a high standard and aligns with Welsh Government accommodation standards.

7.4 In summary, this report seeks to enable the Council to flexibly and promptly react to its legal duties to prevent and respond to homelessness where it is unable to identify suitable providers of temporary and sustainable accommodation in the County. However, it also provides an affordable means to address the current revenue budget deficits whilst providing an opportunity to acquire a property as a future asset.

8. CONSULTEES

Cabinet; Senior Leadership Team; Landlord Services (Estates and Property Services) Communities & Place DMT; Housing & Communities Team.

9. BACKGROUND PAPERS:

Appendix 1 – Business Case EXEMPT
Appendix 2 – Equality and Future Generations Evaluation

10. AUTHOR:

Rachel Fry, Strategy & Policy Officer

11. CONTACT DETAILS:

rachelfry@monmouthshire.gov.uk

Appendix 2

Integrated Impact Assessment document

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

Name of the Officer completing the evaluation Ian Bakewell **Phone no:** 07557 190969 **Email:** ianbakewell@monmouthshire.gov.uk	**Please give a brief description of the aims of the proposal** To seek authorisation to proceed with the purchase of a residential property to enable the Council to alleviate the pressures with homeless and the reliance on unsuitable Temporary Accommodation, for example Bed and Breakfast.
Name of Service area Housing & Communities	**Date** 14th February 2025

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	This proposal affects people of all ages from 16+ including older persons by virtue of making more	None	Purchasing properties is an additional housing option in Monmouthshire and will complement other housing options.

	accommodation available in Monmouthshire. This property will have the potential to support people of all protected characteristics		
Disability	Properties will be remodelled to meet WDQR guidelines, and where the construction and model of the building allows, will meet accessible standards.	As above	As above
Gender reassignment	As above	As above	As above
Marriage or civil partnership	As above	As above	As above
Pregnancy or maternity	As above	As above	As above
Race	As above	As above	As above
Religion or Belief	As above	As above	As above

Sex	As above	As above	As above
Sexual Orientation	As above	As above	As above

2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	**Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.**	**What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?**
Socio-economic Duty and Social Justice	It is recognised that homelessness is often characterised by issues such as: low income; affordability; impact of childhood trauma; substance misuse; accessing employment / training opportunities; barriers to accessing mental health and lack of independent living skills.	There are no negative impacts associated with this proposal.	It will be an on-going action to identify opportunities to strengthen homeless prevention, improve affordable housing provision and support homeless actions through social poverty actions and partnership arrangements. The proposal mitigates against chaotic lifestyles by seeking to provide safe and secure accommodation through which lives can be rebuilt.

	The provision of temporary and sustainable accommodation therefore benefits those experiencing socio economic disadvantage. Good quality accommodation also supports wider priorities such as health and well-being, poverty, employment opportunities etc.		

3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts

Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language, no less favourably	Neutral impact	None	N/A
Operational Recruitment & Training of workforce	Neutral impact. This proposal does not involve the appointment of staff. However, on a general basis, Housing & Communities encourages the appointment of Welsh Language speakers and offers staff Welsh Language training	None	N/A
Service delivery Use of Welsh language in service delivery Promoting use of the language	Neutral impact	None	N/A

4.

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:** Positively contributes to increasing housing options in Monmouthshire. Helps to reduce the use of bed and breakfast accommodation. Any remodelling and refurbishment work required will not only need to maximise energy efficiency but will also support the local construction sector and wider economy. . **Negative:** None	It is an on-going priority for the Council to increase the provision of self-contained temporary accommodation and reduce reliance on bed & breakfast accommodation. Homeless prevention work will continue.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g., climate change)	**Positive:** N/A **Negative:** N/A	There is the option to increase the energy efficiency standards of the properties.
A healthier Wales People's physical and mental wellbeing is maximized, and health impacts are understood	**Positive:** Positively contributes to the health of homeless persons. Good housing supports well-being. **Negative:** N/A	The proposal will align with the Housing Support Grant programme to enable residents to access housing support and help to maintain their accommodation.

A Wales of cohesive communities Communities are attractive, viable, safe and well connected	**Positive:** Positively contributes by effectively increasing housing supply thereby helping local people remain in their home communities. Purchasing accommodation gives the Council greater ability to determine location of accommodation. **Negative:** N/A	N/A
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	**Positive:** Positively contributes to the health of homeless households. Any remodelling and refurbishment work required will also need to improve and maximise the energy efficiency of the properties to reduce future energy costs and loss. **Negative:** N/A	N/A.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to	**Positive:** N/A **Negative:** N/A	N/A

do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	**Positive:** The proposal both strengthens the quality and availability of homeless accommodation. The Council is working towards the provision of 'homes' not temporary accommodation. This helps to increase the stability in people's lives improving opportunities in respect of personal finances; employment; training etc. Some applicants can use this. **Negative:** N/A	N/A

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
Balancing short term need with long term and planning for the future	The service seeks to provide a short-term/temporary housing intervention which will need to be under-pinned by the potential availability of housing support and eventually Rapid Re-housing to long-term housing solutions. Some of the short-term options provide stability from which plans can be made for longer term	Other accommodation elsewhere in the County has been sourced and continues to be sourced. The Council is transitioning to a Rapid Rehousing Approach as required by Welsh Government

	housing needs to be met e.g., move on and permanent accommodation. The proposal is about sustainable solutions and minimising the potential to set people up to fail.	
Working together with other partners to deliver objectives	This proposal is all about supporting Welsh Government to implement the transition to a Rapid Rehousing Approach to homelessness. Homeless applicants benefiting from the proposal may receive support from housing support providers. The proposal supports Health (good accommodation contributes to well-being etc.) and Social Care (good accommodation supports families, care leavers and corporate parenting etc) and Police/Public Protection (greater options for potentially placing offenders)	Arrangements already exist with housing associations and private landlords and links are in place with the Police and Probation.
Involving those with an interest and seeking their views	The Council has liaised with Welsh Government about the proposal and routinely liaises with Welsh Governments Relationships Manager.	N/A

	The Housing Support Commissioning & Operations Manager, Estates and Finance have also been involved.	
Putting resources into preventing problems occurring or getting worse	The proposal is about strengthening and improving accommodation availability to offset the need to use inappropriate temporary accommodation and the associated expenditure.	Resources are already being directed towards mitigating against homelessness through trying to prevent homelessness and acquiring accommodation elsewhere in Monmouthshire.
Considering impact on all wellbeing goals together and on other bodies	The proposal indirectly positively impacts on well-being e.g., potential for additional good quality accommodation supports well-being and potential additional income for empty property owners.	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	The proposal supports households where there could be safeguarding issues by providing safe and secure temporary accommodation.	None.	N/A
Corporate Parenting	The proposal supports Corporate Parenting by potentially providing safe and secure accommodation.	None.	N/A

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

Evidence has been gathered in the following ways:

- Housing Options Team service activity e.g., numbers in B & B accommodation; homeless presentations;
- Consideration of current pressures being faced by Housing Options as a result of the statutory duty to accommodate all homeless households;
- Strategic overview of the temporary accommodation available and gaps in current provision.

The legislation and good practice which have informed the policy revisions are:

- Housing Act 1996;
- Housing (Wales) Act 2014;
- Welsh Government's Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness;
- The Allocation of Housing and Homelessness (Eligibility)(Wales) Regulations;
- Welsh Government Phase 2 Planning Guidance for Homelessness & Housing Related Support;
- Crime and Disorder Act 1998;
- Equalities Act 2010;
- Data Protection Act 2018;

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

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

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

Positive -

The positive impacts of this proposal are:

- Additional housing options in terms of numbers of properties and type to assist homeless households;
- Better quality self-contained accommodation;
- Provides a settled period for applicants to access help and support;
- A wider range of housing support;
- It contributes to the health and well-being of homeless households.

Negative

None.

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
Continue with homelessness prevention work to prevent temporary accommodation placements wherever possible.	On-going. This is a priority to minimize the numbers of people approaching the Council who need accommodation	Housing Options Team Manager
Consider and plan next steps and responsibilities.	On going	Strategy & Policy Officer, Homes & Communities Manager, Estates Manager

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

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1.	SLT/Cabinet Members	June 2023	

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