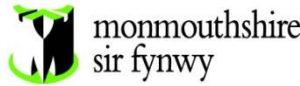


Public Document Pack



Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

Dydd Gwener, 5 Ionawr 2024

Hysbysiad a gyfarfod

Pwyllgor Perfformiad a Throsolwg

Dydd Llun, 15fed Ionawr, 2024 at 10.00 am,
The Council Chamber, County Hall, Rhadyr, Usk, NP15 1GA with remote attendance

Nodwch y cynhelir rhag gyfarfod 30 munud cyn dechrau'r cyfarfod ar gyfer aelodau'r pwyllgor

AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd Canllawiau ~ Fforwm Agored i'r Cyhoedd y Pwyllgor Dethol Mae ein cyfarfodydd Pwyllgor Dethol yn cael eu ffrydio'n fyw a bydd dolen i'r ffrwd fyw ar gael ar dudalen gyfarfod gwefan Cyngor Sir Fynwy Os hoffech rannu eich barn ar unrhyw gynigion sy'n cael eu trafod gan Bwyllgorau Dethol, gallwch gyflwyno eich sylwadau drwy ddefnyddio'r ffurflen hon <ul style="list-style-type: none">Rhannwch eich barn drwy lanlwytho ffeil fideo neu sain (uchafswm o 4 munud); neuCyflwynwch sylwadau ysgrifenedig (drwy Microsoft Word, uchafswm o 500 gair) Bydd angen i chi gofrestru ar gyfer cyfrif Fy Sir Fynwy er mwyn cyflwyno'r ymateb neu ddefnyddio eich manylion mewngofnodi os	

ydych wedi cofrestru o'r blaen.

Y dyddiad cau ar gyfer cyflwyno sylwadau i'r Cyngor yw 5pm dri diwrnod gwaith clir cyn y cyfarfod. Os bydd y sylwadau a dderbynnir yn fwy na 30 munud, bydd detholiad o'r rhain, yn seiliedig ar thema, yn cael eu rhannu yng nghyfarfod y Pwyllgor Dethol. Bydd yr holl sylwadau a dderbynnir ar gael i gynghorwyr cyn y cyfarfod.

Os hoffech fynychu un o'n cyfarfodydd i siarad o dan y Fforwm Agored i'r Cyhoedd, bydd angen i chi roi tri diwrnod o hysbysiad i ni drwy gysylltu â Scrutiny@monmouthshire.gov.uk. Y cadeirydd sy'n penderfynu faint o amser a roddir i bob aelod o'r cyhoedd i siarad, ond i'n galluogi i roi cyfle i nifer o siaradwyr, gofynnwn nad yw cyfraniadau yn hirach na 3 munud.

Os hoffech awgrymu pynciau i un o'n Pwyllgorau Dethol graffu arnynt yn y dyfodol, gwnewch hynny drwy e-bostio Scrutiny@monmouthshire.gov.uk

4. Monitro'r Gyllideb – Mis 6

1 - 48

Craffu'r sefyllfa gyllidebol (refeniw a chyfalaf) ar gyfer gwasanaethau sy'n dod o fewn cylch gorchwyl y Pwyllgor ym Mis 6.

5. Strategaeth Rheoli Asedau

49 - 138

Craffu cyn penderfyniad gan y Cyngor llawn.

6. Polisi Buddsoddi Asedau

139 - 162

Diweddaru'r Aelodau ar newidiadau llywodraethu arfaethedig i'r Polisi Buddsoddi Asedau a diweddariad perfformiad ar bortffolio eiddo masnachol a buddsoddi'r Cyngor.

7. Cyfarfod Nesaf: 30ain Ionawr 2024

Paul Matthews

Prif Weithredwr

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL A GANLYN:

County Councillor Jill Bond, West End;, Welsh Labour/Llafur Cymru
County Councillor Alistair Neill, Gobion Fawr;, Welsh Conservative Party
County Councillor Paul Pavia, Mount Pleasant;, Welsh Conservative Party
County Councillor Peter Strong, Rogiet;, Welsh Labour/Llafur Cymru
County Councillor Ann Webb, St Arvans;, Welsh Conservative Party
County Councillor Laura Wright, Grofield;, Welsh Labour/Llafur Cymru
Janice Watkins
County Councillor Rachel Buckler, Devauden;, Welsh Conservative Party
County Councillor Catherine Fookes, Town;, Welsh Labour/Llafur Cymru
County Councillor Meirion Howells, Llanbadoc & Usk;, Independent

Gwybodaeth I'r Cyhoedd

Mynediad i gopiau papur o agendâu ac adroddiadau

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

Edrych ar y cyfarfod ar-lein

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

Y Gymraeg Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd drwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn gyda dyledus barch i chi roi 5 diwrnod o hysbysiad cyn y cyfarfod os dymunwch siarad yn Gymraeg fel y gallwn ddarparu ar gyfer eich anghenion.

Nodau a Gwerthoedd Cyngor Sir Fynwy

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

Amcanion rydym yn gweithio tuag atynt

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

Ein gwerthoedd

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.
- **Caredigrwydd** – Byddwn yn dangos caredigrwydd i bawb yr ydym yn gweithio gyda nhw, gan roi pwysigrwydd perthnasoedd a'r cysylltiadau sydd gennym â'n gilydd wrth wraidd pob rhyngweithio.

Canllaw Cwestiynau Craffu Sir Fynwy

1. Pam mae'r Pwyllgor yn craffu ar hyn? (cefndir, materion allweddol)
2. Beth yw rôl y Pwyllgor a pha ganlyniad mae'r Aelodau am ei gyflawni?
3. A oes digon o wybodaeth i gyflawni hyn? Os nad oes, pwy allai ddarparu hyn?
 - Cytuno ar y drefn holi a pha Aelodau fydd yn arwain
 - Cytuno ar gwestiynau i swyddogion a chwestiynau i Aelod y Cabinet

Cwestiynau'r Cyfarfod

Craffu ar Berfformiad

1. Sut mae perfformiad yn cymharu â'r blynyddoedd blaenorol? Ydy e'n well/yn waeth? Pam?
2. Sut mae perfformiad yn cymharu â chynghorau eraill/darparwyr gwasanaethau eraill? Ydy e'n well/yn waeth? Pam?
3. Sut mae perfformiad yn cymharu â thargedau gosodedig? Ydy e'n well/yn waeth? Pam?
4. Sut cafodd targedau perfformiad eu gosod? Ydyn nhw'n ddigon heriol/realistig?
5. Sut mae defnyddwyr gwasanaethau/y cyhoedd/partneriaid yn gweld perfformiad y gwasanaeth?
6. A fu unrhyw awdid ac archwiliadau diweddar? Beth oedd y canfyddiadau?
7. Sut mae'r gwasanaeth yn cyfrannu at wireddu amcanion corfforaethol?
8. A yw gwelliant/dirywiad mewn perfformiad yn gysylltiedig i gynnydd/ostyngiad mewn adnodd?
Pa gapasiti sydd yna i wella?

Craffu ar Bolisi

1. Ar bwy mae'r polisi yn effeithio ~ yn uniongyrchol ac yn anuniongyrchol? Pwy fydd yn elwa fwyaf/leiaf?
2. Beth yw barn defnyddwyr gwasanaeth /rhanddeiliaid? Pa ymgynghoriad gafodd ei gyflawni? A wnaeth y broses ymgynghori gydymffurfio ag Egwyddorion Gunning? A yw rhanddeiliaid yn credu y bydd yn sicrhau'r canlyniad a ddymunir?
3. Beth yw barn y gymuned gyfan – safbwynt y 'trethdalwr'?
4. Pa ddulliau a ddefnyddiwyd i ymgynghori â'r rhanddeiliaid? A oedd y broses yn galluogi pawb â chyfran i ddweud eu dweud?
5. Pa ymarfer ac opsiynau sydd wedi eu hystyried wrth ddatblygu/adolygu'r polisi hwn? Pa dystiolaeth sydd i hysbysu beth sy'n gweithio? A yw'r polisi yn ymwneud â maes lle mae diffyg ymchwil cyhoeddedig neu dystiolaeth arall?
6. A yw'r polisi'n ymwneud â maes lle ceir anghydraddoldebau hysbys?
7. A yw'r polisi hwn yn cyd-fynd â'n hamcanion corfforaethol, fel y'u diffinnir yn ein cynllun corfforaethol? A yw'n cadw at ein Safonau Iaith Gymraeg?
8. A gafodd yr holl ddatblygu cynaliadwy, y goblygiadau cydraddoldeb a diogelu perthnasol eu hystyried?

	<p>Er enghraifft, beth yw'r gweithdrefnau sydd angen bod ar waith i amddiffyn plant?</p> <p>9. Faint fydd y gost hon i'w gweithredu a pha ffynhonnell ariannu sydd wedi'i nodi?</p> <p>10. Sut fydd perfformiad y polisi yn cael ei weithredu a'r effaith yn cael ei gwerthuso?</p>
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Cwestiynau Cyffredinol:

Grymuso Cymunedau

- Sut ydym ni'n cynnwys cymunedau lleol a'u grymuso i ddylunio a darparu gwasanaethau i gyd-fynd ag angen lleol?
- A ydym ni'n cael trafodaethau rheolaidd gyda chymunedau am flaenoriaethau'r gwasanaeth a pha lefel o wasanaeth y gall y cyngor fforddio ei ddarparu yn y dyfodol?
- A yw'r gwasanaeth yn gweithio gyda dinasyddion i egluro rôl gwahanol bartneriaid wrth ddarparu gwasanaeth a rheoli disgwyliadau?
- A oes fframwaith a phroses gymesur ar waith ar gyfer asesu perfformiad ar y cyd, gan gynnwys o safbwynt dinesydd, ac a oes gennych chi drefniadau atebolrwydd i gefnogi hyn?
- A oes Asesiad Effaith Cydraddoldeb wedi'i gynnal? Os felly a all yr Arweinydd a'r Cabinet /Uwch Swyddogion roi copïau i'r Aelodau ac eglurhad manwl o'r Asesiad o'r Effaith ar Gydraddoldeb (EQIA) a gynhaliwyd mewn perthynas â'r cynigion hyn?
- A all yr Arweinydd a'r Cabinet/Uwch Swyddogion sicrhau aelodau bod y cynigion hyn yn cydymffurfio â deddfwriaeth Cydraddoldeb a Hawliau Dynol? A yw'r cynigion yn cydymffurfio â Chynllun Cydraddoldeb Strategol yr Awdurdod Lleol?

Galwadau'r Gwasanaeth

- Sut fydd newid polisi a deddfwriaeth yn effeithio ar y ffordd mae'r cyngor yn gweithredu?
- A ydym ni wedi ystyried demograffeg ein cyngor a sut bydd hyn yn effeithio ar ddarparu gwasanaethau a chyllid yn y dyfodol?
- A ydych chi wedi adnabod ac ystyried y tueddiadau tymor hir a allai effeithio ar eich maes gwasanaeth, pa effaith allai'r tueddiadau hyn ei chael ar eich gwasanaeth/allai eich gwasanaeth ei gael ar y tueddiadau hyn, a beth sy'n cael ei wneud mewn ymateb?

Cynllunio Ariannol

- A oes gennym ni gynlluniau ariannol canolig a hirdymor cadarn yn eu lle?
- A ydym ni'n cysylltu cyllidebau â chynlluniau a chanlyniadau ac adrodd yn effeithiol ar y rhain?

Gwneud arbedion a chynhyrchu incwm

- A oes gennym ni'r strwythurau cywir ar waith i sicrhau bod ein dulliau effeithlonrwydd, gwelliant a thrawsnewid yn gweithio gyda'i gilydd i sicrhau'r arbedion mwyaf posibl?
- Sut ydym ni'n gwneud y mwyaf o incwm? A ydym ni wedi cymharu polisïau eraill y cyngor

i sicrhau'r incwm mwyaf posibl ac wedi ystyried yn llawn y goblygiadau ar ddefnyddwyr gwasanaeth?

- A oes gennym ni gynllun gweithlu sy'n ystyried capasiti, costau, a sgiliau'r gweithlu gwirioneddol yn erbyn y gweithlu a ddymunir?

Cwestiynau i'w gofyn o fewn blwyddyn i'r penderfyniad:

- A gafodd canlyniadau arfaethedig y cynnig eu cyflawni neu a oedd canlyniadau eraill?
- A oedd yr effeithiau wedi'u cyfyngu i'r grŵp yr oeddech chi ar y dechrau yn meddwl fyddai wedi cael ei effeithio h.y. pobl hŷn, neu a gafodd eraill eu heffeithio e.e. pobl ag anableddau, rhieni â phlant ifanc?
- A yw'r penderfyniad yn dal i fod y penderfyniad cywir neu a oes angen gwneud addasiadau?

Cwestiynau i'r Pwyllgor ar ddiwedd y cyfarfod ...

A oes gennym ni'r wybodaeth angenrheidiol i ffurfio casgliadau/i wneud argymhellion i'r pwyllgor gwaith, cyngor, partneriaid eraill? Os nad oes, a oes angen i ni:

- (i) Ymchwilio i'r mater yn fwy manwl?
- (ii) Gael rhagor o wybodaeth gan dystion eraill - Aelod o'r Bwrdd Gweithredol, arbenigwr annibynnol, aelodau o'r gymuned, defnyddwyr gwasanaeth, cyrff rheoleiddio...

Cytuno ar gamau pellach sydd i'w cymryd o fewn amserlen/adroddiad monitro yn y dyfodol.

SUBJECT: 2023/24 REVENUE & CAPITAL BUDGET – MONTH 6 UPDATE
MEETING: PERFORMANCE & OVERVIEW SCRUTINY COMMITTEE
DATE: 15th January 2024
DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

- 1.1 To provide Cabinet with an update of the progress of the Councils revenue budget for the 2023/24 financial year, based on actual expenditure incurred at the end of Month 6 (September), and overlaid with the most up to date budget information up until the time of publishing.

RECOMMENDATIONS TO PERFORMANCE AND OVERVIEW SCRUTINY COMMITTEE

- i. That the Performance and Overview Scrutiny Committee scrutinise the revenue budget forecast for the 2023/24 financial year;
- ii. That the Committee as part of their role assesses whether effective budget monitoring is in place; the extent to which budgets are spent within the agreed budget and policy framework, including the reasonableness of the explanation for variances and; consider the achievement of progress in meeting budget savings targets.

2. RECOMMENDATIONS:

- 3.1 That Cabinet note the overall revenue budget deficit forecast at month 6 of £284k, a deterioration of £160k since the previous forecast.
- 3.2 That Cabinet note the forecast 87% delivery of the £12.3m budgeted service savings for the year, resulting in a £1.6m deficit that is needing to be managed as part of the overall revenue budget. The overall level of budgeted savings includes the additional in-year budget recovery action of £2.1m as recommended by Cabinet as part of the Month 5 report.

- 3.3 That Cabinet note the ongoing budgetary risks that remain inbuilt into the month 6 forecast, namely;
- The volatility of demand for high-cost services, particularly in Adults & Childrens Social Care and Homelessness;
 - The risk of further non-delivery of the £12.3m of budgeted savings targets;
 - The severely limited reserve cover available to the Council;
 - The continued pressure on both UK and Welsh Government budgets, and wider challenging economic environment;
 - The potential shortfall in funding of the increased responsibilities transferred to Councils, particularly within Universal Free School Meals and Homelessness that have the potential to further impact forecasts if a suitable funding resolution is not achieved.
- 3.4 That Cabinet note that the negotiation of national pay agreements for Local Government employees has concluded, and that the outcome is in line with previous budget forecasts.
- 3.5 That Cabinet note the forecast draw on schools delegated balances as outlined in **Appendix 1** of this report of £3.76m, with school balances forecast to reduce to £494k by the end of the financial year and with fifteen schools now forecast to be in a deficit balance.
- 3.6 That Cabinet note a forecast Capital budget underspend of £2.19m, alongside an indication of slippage in capital schemes of £9.2m. The £2.19m underspend is in relation to the Asset Investment Fund budget that is funded by borrowing and does not therefore represent a usable surplus budget.
- 3.7 That Cabinet approve the capital budget revisions as outlined in **Appendix 3** as a result of additional unbudgeted grant allocations notified since the beginning of the year, and a required draw on Section 106 major maintenance sums to fund required works.

3. KEY ISSUES:

Summary messages
<i>An overall improvement in the core service forecasts of £103k, comprising additional grant income for housing support of £263k, favourable movements in treasury forecasts of £456k, offset by a net deterioration in other service area costs of £615k.</i>

The additional grant funding of £263k reduces the assumption for further unbudgeted grant for the remainder of the year from £1m to £737k.

Overall this results in a forecast £284k deficit, a deterioration of £160k from the previous forecast.

National pay agreements for Local Government employees have concluded and the outcome is in line with previous budget forecasts.

Remaining key risks through to the end of the year are the continuing high levels of demand for Adult social care; the level of Homelessness presentations; the potential shortfall in funding around transferred responsibilities, and; the level of any additional unbudgeted grant awards and the subsequent ability for further core Council expenditure to be met from this.

Context

Page 3

- 3.1 Councils across the UK are facing financial challenges on an unprecedented scale. It is widely acknowledged that local government funding over recent years has not kept pace with increased service demand, the additional responsibilities being transferred, and inflationary pressures.
- 3.2 Our 2022/23 revenue budget culminated in an over spend of £3.5m which required funding from earmarked reserves to cover the additional expenditure incurred following acute pressures experienced within Adult's and Children's services, Homelessness, and Additional learning needs.
- 3.3 The 2023/24 budget set in March 2023 accommodated additional costs of delivering services of £26m or 14%. Whilst income and funding increased by 9% (£16m) to meet some of these costs, the Council needed to find savings of 5% (£10m) from services.
- 3.4 The budget when set highlighted a number of known budgetary risks that sat outside of the core budget, some of which have now materialised and have resulted in further pressures being reported.
- 3.5 The first half of 2023/24 has seen continuing financial headwinds which are having a severe impact upon the service operating environment:
- Inflation has not fallen as quickly as economic projections predicted and is placing a significant additional financial burden upon service delivery;
 - Interest rates have risen sharply to combat inflation, significantly above recent economic forecasts;

- The cost of living crisis continues to have a significant impact on our communities, and will be further exacerbated by the UK economy likely to enter recession during the year, and the recent sharp interest rate rises that will impact housing costs as we move through the year;
- The Council continues to deal with a shortage of staff resources due to the ongoing tight labour market that requires more costly temporary solutions to be used;
- Supply chain issues continue which requires more costly alternative or expedited arrangements;
- The wider and longer lasting impact of the pandemic continues to impact the Council, particularly in the areas of Homelessness, Children's services, Adult social care and Children's additional learning needs.

3.6 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.

3.7 Cabinet received an early financial update for the year at their 26th July 2023 meeting which highlighted significant early pressure on the Council's budget of around £6m. As part of a package of measures to tackle this, Cabinet approved the use of £2.5m of useable revenue reserves to increase the Council's overall level of inflation contingency. This equated to the amount of reserves that were originally anticipated to be required to support the 2022/23 budget outturn position, but were not ultimately called upon. When set alongside a further unbudgeted grant assumption of £1m, this left a remaining forecast budget pressure of £2.6m.

3.8 Cabinet therefore requested that the Strategic Leadership Team engage in immediate mitigating action and develop a structured approach to tackling the remaining forecast deficit through budget recovery action. Subsequently, the Month 5 forecast that Cabinet considered at their 8th November meeting detailed the £2.1m of budget recovery proposals brought forward by services.

3.9 These proposals included a targeted vacancy freeze, maximising grants and income, bearing down on all non-essential spend, and identifying eligible capital related costs that could be met from capital funding.

3.10 When overlaid with the most up to date budget forecasts, this culminated in a Month 5 forecast over spend of £124k being reported.

Month 6 Revenue budget forecast

Table 1: Budget forecast at Month 6

Directorate	Shortfall in saving target £000's	In-year budget Pressures / Savings £000's	Total budget pressure at Month 6 £000's	Forecast (Under) / Over Spend @ Month 5	Variance Month 5 to Month 6
	'000's	'000's	'000's	'000's	'000's
Social Care & Health	794	2,396	3,190	2,830	360
Children & Young People	105	235	340	331	9
Communities & Place	509	387	896	959	(63)
Monlife	37	(29)	8	(18)	26
Chief Executives Units	0	(49)	(49)	(52)	2
Law & Governance	30	90	120	120	0
Resources	125	(303)	(178)	(196)	18
Reserves, Treasury & Financing	0	(3,306)	(3,306)	(2,850)	(456)
Core service forecast	1,600	(579)	1,021	1,124	(103)
Unbudgeted grant assumption for remainder of year			(737)	(1,000)	263
Remaining budget deficit at Month 6			284	124	160

Core service forecast

- 3.11 A service budget deficit of £1.021m is forecast at Month 6, representing a marginal improvement from the previous forecast of £103k.
- 3.12 The deficit is due to a combination of shortfall in services being able to meet their budgeted savings targets of £1.6m; budgetary pressures across three of our frontline service directorates; offset significantly by in-year use of reserves of £2.5m and savings on treasury and financing budgets.
- 3.13 The overall improvement in core service forecast since the last update of £103k comprises of additional grant income notified for Housing support of £263k; favourable movements in treasury forecasts of £456k; offset by a net deterioration in other service area costs of £615k, notably around Adult's social care (£390k) and Waste (£190k).

3.14 It is important to note that overall, the revenue budget for the year is being supported by one-off use of revenue reserves totalling £5.5m, £3m of which were approved as part of the original budget, and an additional contribution of £2.5m that was approved by Cabinet at their meeting on the 26th July 2023. Further mitigation is provided by utilising £3m of capital receipts to meet revenue expenditure under regulation.

3.15 **In-year service pressures and savings:** *Appendix 1* to this report details the service pressures and savings that have been highlighted at Month 6. At a summary level these primarily relate to the following areas:

Table 2: Service budget pressures and savings

Pressure / Saving	Pressure / (Saving) £000's	Summary
Waste Services	767	<p>The recycling market remains volatile with increased reprocessing costs and reduction in recycling income. Delays in rolling out polyprop reusable bags due to depot infrastructure and vehicle issues is adding to pressure.</p> <p>This represents a deterioration of £189k from the previous forecast as the recycling market volatility continues to add to overall costs.</p>
Fleet	270	<p>Fuel and parts inflation remain high, supply chain issues for replacement parts is leading to the outsourcing of repairs to external contractors. Downtime of vehicles is also driving up hire costs.</p> <p>This represents a deterioration of £137k since the previous forecast as a result of the sharp increases in fuel prices since August.</p>
Housing/Homelessness	382	<p>The Housing team are continuing to review accommodation and the number of B&Bs that we use have reduced to 47 in October, which has reduced our forecast B&B spend. Since the previous forecast the overspend has been part offset by unbudgeted grant funding from WG of £237k.</p>
Adults care services	3,009	<p>Negotiated Care provider fees are £1.5m more than budgeted following significant hikes in rates in the current market.</p> <p>A further pressure of £1.25m from an increase in care home placements together with an increase in the average cost of placements.</p> <p>A shortfall of £0.8m against budgeted savings targets.</p>

		This is offset by under spends of £900k in the My Day My Life, and Care at Home vacancies.
		Transport contracts pressure of £650k.
ALN Transport & Recoupment	566	Change in ALN formula for schools - all out of county recoupment for mainstream schools will be delegated to schools £445k. Reduction in number of pupils in out of county/independent schools, and further grant funding has resulted in a saving of £529k.
MonLife Income / Contact centre	304	Borough Theatre £170k and Attractions £80k, both due to lower than budgeted visitor levels. Contact centre £54k due to delays in implementing a restructure and cover for long term sickness.
Democratic Services	137	Members costs have increased as a result of pay awards, higher than anticipated take up of the superannuation scheme, and an increase in co-opted members.
Pay inflation - non-teaching	960	The pressure over and above base budget provision for pay based upon the concluded outcome of pay negotiation by Local Government Employers.
CYP support services	(400)	Primarily as a result of in-year budget recovery action relating to use of PV reserves, sourcing of additional grant and holding some staff vacancies.
Business Growth & Enterprise	(169)	Managed staff savings due to the funding of core staff costs in Economic development by grant.
Highways management & flooding	(339)	Fee income will exceed budgets mainly in road closure, inspection and SABs fees. Staff vacancy savings have increased as a result of the overall vacancy freeze in place.
Leisure, Youth & Outdoor Adventure	(133)	Higher than anticipated income at Monmouth Leisure Centre and higher than budgeted grant in sports development, offset by overspend in outdoor adventure and youth.
Financial services	(242)	A combination of significant staff vacancies held across the service, increased grant income, and the ability to passport qualifying costs to capital.
Treasury costs	(730)	Forecast saving as a result of interest rate rises pausing and higher than expected cash balances.
Council Tax	(430)	The Council tax base is currently slightly above budgeted levels and CTRS caseloads is running slightly below historical levels.
Inflation contingency budget	(3,000)	Full use of the reserve backed contingency budget is forecast
Other variances	69	A number of smaller over spends within services
Total	1,021	

3.16 **Budgeted savings targets:** Services are currently forecasting to deliver 87% of their overall savings targets for the year, inclusive of the in-year additional budget recovery action identified. The shortfall of 13% or £1.6m is outlined below and full details can be found at **Appendix 2** to this report.

Table 3: Progress against budgeted savings targets

Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving	Month 6 Forecast	Variance	% Met	Comment
	£000	£000	£000	£000	£000		
Social Care & Health	(3,349)	(146)	(3,495)	(2,701)	794	77.3%	Adult's services - £840k shortfall against £2.0m target due to the complexity and level of demand for care needs restricting progress, some savings being dependent upon third party negotiation, and challenges resourcing some of the service change required.
Children & Young People	(1,809)	(432)	(2,241)	(2,136)	105	95.3%	Not possible to meet target of increased ALN recoupment income following changes agreed in the ALN formula for schools
Communities & Place	(2,513)	(883)	(3,396)	(2,887)	509	85.0%	<p>£177k shortfall in meeting energy reduction targets following a delay in resourcing the team</p> <p>£160k shortfall in Fleet reduction and mileage reductions following delays in the roll out of the pool car scheme and other initiatives intended to reduce business mileage</p> <p>£70k as changes to Passenger transport routes have not been able to be achieved due to insufficient budget to make the changes necessary to improve the amber route.</p> <p>£17k shortfall as we are unable to change the licencing arrangements for schools and community transport due to the number of vehicles we are operating</p>
Monlife	(930)	(362)	(1,292)	(1,255)	37	97.1%	A delay in progressing some staffing reductions
Chief Executives Units	(39)	(65)	(104)	(104)	0	100.0%	
Law & Governance	(86)	(71)	(157)	(127)	30	80.9%	Additional Land charges income target has been impacted by the downturn in wider economy and will not be met

Resources	(991)	(187)	(1,178)	(1,053)	125	89.4%	Property estate rationalisation has not progressed as quickly as anticipated
Corporate Costs & Levies	(433)	0	(433)	(433)	0	100.0%	
Totals	(10,150)	(2,146)	(12,296)	(10,695)	1,600	87.0%	

Unbudgeted grant assumption

- 3.17 The previous Month 5 forecast included an assumption that a further £1m of unbudgeted grant would be awarded during the remainder of the year, and that this award would allow for core Council expenditure to be met from the additional grant.
- 3.18 Since that forecast, the Council has been notified of additional WG grant funding of £263k to assist in Housing support costs that will offset the Council's core expenditure. The additional grant assumption has consequently been reduced to £737k for the remainder of the year.
- 3.19 Whilst this assumption is in line with trends over recent years, as the year progresses this assumption continues to come with a higher degree of risk following the well documented in-year pressures on the Welsh Government budget.
- 3.20 It was anticipated that the Chancellor's Autumn Statement on the 22nd of November may provide further clarity on the level of further support, if any, that would be provided by way on consequential funding to Welsh Government for the remainder of the year. However, the initial independent analysis of the Statement indicates that there was very little by way of additional funding of a revenue nature that will be of direct or indirect benefit to Local Government in Wales.

Remaining budgetary risks

- 3.21 There remain key specific budgetary risks presenting for the remainder of this financial year and beyond, that have the ability to further impact upon our financial sustainability as a Council:
- **Homelessness presentations** continue to be volatile and a return to higher numbers during the winter period could lead to above forecast use of costly Bed & Breakfast or temporary housing solutions despite the strategies engaged to reduce this;
 - There remains a risk that **further non-delivery of budgeted savings** targets in the current difficult operating environment will impact on both 2023/24 and the medium-term if alternative strategies to deliver savings cannot be found;

- **Limited reserve cover** – we started the year with £15.4m in useable revenue reserves which has since reduced to £12.9m after allowing for the in-year use of £2.5m. When allowing for the minimum recommend prudent level to be held in the Council fund reserve for emergency use of £7.9m, this leaves only £5m of useable revenue reserves available. All banked capital receipts have currently been committed to this years or future budgets.
- **National picture** – there is continued pressure on both UK and Welsh Government budgets resulting from the wider economic environment. This has the potential to impact upon levels of further unbudgeted consequential funding.
- Significant **increased responsibilities** have been transferred to Councils which are not currently being fully funded through the Welsh Government settlement or through specific grants. For 2023/24 this focusses primarily on increased responsibilities around Homelessness where Monmouthshire has significant specific local factors that impact cost, and the rollout of universal free school meals where inflationary pressures mean costs are significantly above funding levels. Whilst it is hoped that this pressure will be recognised with further funding during the remainder of the year, this remains a key budgetary risk area.

Financial implications and future focus

- Page 10
- 3.22 The continuing financial headwinds, increasing demand for services, funding uncertainty, and the need for service savings now totalling £12m to be delivered within a challenging operating environment present tangible ongoing budget risks for the year.
 - 3.23 When this is considered alongside a significant budget gap to be resolved for 2024/25, and a challenging funding outlook in the medium term, there remains a severe risk to the financial sustainability of the Council in the near term.
 - 3.24 There is therefore a requirement for all services to bear down on avoidable cost and identify further income opportunities wherever possible for the remainder of the year, in order to limit the call on severely limited useable revenue reserves.
 - 3.25 The targeted vacancy freeze that has been enacted will continue through to the end of the year. The more regular financial monitoring arrangements continue, strengthened by the Financial Management Board who continue to focus on high budget risk areas and in regularly assessing the progress being made against budgeted service savings, and the additional budget recovery action.
 - 3.26 Whilst the next formal monitoring report will not be until Month 9, Cabinet will continue to receive monthly informal updates on the overall progress being made.
 - 3.27 Work will continue to deliver on the structured approach to tackling the underlying budget pressures, which will continue to explore all available options open to the Council. This includes vacancy management, the potential for further or alternative savings, consideration of a pause in capital expenditure, and legitimately maximising all grant funding and income generation opportunities.

4 RESOURCE IMPLICATIONS:

The report itself covers the resource implications of the entirety of the revenue budget activity during the year. There are no further resource implications as a result of the recommendations in this report.

5 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

5.1 This report provides Members with an update on the early progress being made against the revenue budget of the Authority and carries no decisions. There are therefore no equality and future generations' implications directly arising from this report.

CONSULTEES:

Page Senior Leadership Team
e Cabinet

BACKGROUND PAPERS:

Appendix 1 – Detailed service commentaries, Schools budget forecast, Capital budget forecast

Appendix 2 – Progress against service saving plans

Appendix 3 – Capital budget revisions

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Overall Revenue Position

Table 1: Council Fund 2023/24 Forecast Outturn Summary Statement at Month 6

Service Area	Original Budget 2023/24	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 6	Forecast (Under) / Over Spend @ Month 5	Variance Month 5 to Month 6
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	63,735	(90)	63,644	66,834	3,190	2,830	360
Children & Young People	62,420	30	62,449	62,790	340	331	9
Communities & Place	26,427	(1,375)	25,052	25,948	896	959	(63)
MonLife	8,188	(12)	8,176	8,183	8	(18)	26
Chief Executives Unit	3,009	(4)	3,006	2,957	(49)	(52)	2
Law & Governance	2,715	(2)	2,713	2,833	120	120	0
Resources	7,017	1,247	8,264	8,087	(178)	(196)	18
Corporate Costs & Levies	29,344	2,500	31,845	29,699	(2,146)	(2,139)	(7)
Net Cost of Services	202,854	2,294	205,149	207,330	2,181	1,835	346
Appropriations	5,661	(2,294)	3,367	2,637	(730)	(252)	(478)
Expenditure to be Financed	208,515	0	208,515	209,967	1,451	1,584	(132)
Financing	(208,515)	0	(208,515)	(208,946)	(430)	(460)	30
Net General Fund (Surplus) / Deficit	0	0	0	1,021	1,021	1,124	(103)
Unbudgeted grant assumption for remainder of year					(737)	(1,000)	263
Net budget pressure at Month 6					284	124	160

Table 2: Council Fund 2023/24 Outturn Detailed Statement

Service Area	Original Budget 2023/24	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 6	Forecast (Under) / Over Spend @ Month 5	Variance Month 5 to Month 6
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	38,246	34	38,280	41,289	3,009	2,618	391
Children Services	22,209	(26)	22,183	22,390	207	211	(4)
Public Protection	1,790	(4)	1,786	1,849	63	63	0
SCH Support	1,489	(94)	1,396	1,306	(89)	(62)	(28)
Social Care, Health & Safeguarding	63,735	(90)	63,644	66,834	3,190	2,830	360
Emergency Planning	170	0	170	168	(1)	(1)	0
Individual Schools Budget	50,423	30	50,453	50,629	176	134	41
Resources	1,140	(1)	1,139	738	(400)	(388)	(13)
Standards	10,686	1	10,687	11,254	566	585	(19)
Children & Young People	62,420	30	62,449	62,790	340	331	9
Enterprise, Housing & Community Animation	4,564	(940)	3,624	3,888	264	525	(261)
Facilities & Fleet Management	10,805	(194)	10,610	10,800	190	220	(31)
Neighbourhood Services	9,306	(24)	9,282	9,949	667	500	166
Placemaking, Highways & Flood	1,752	(216)	1,536	1,311	(224)	(286)	62
Communities & Place	26,427	(1,375)	25,052	25,948	896	959	(63)
Communications	203	0	203	177	(25)	(24)	(2)
Countryside & Culture	1,157	0	1,157	1,073	(84)	(83)	(0)
Finance & Business Development	4,170	(10)	4,160	4,411	250	174	77
Leisure, Youth & Outdoor Adventure	2,658	(2)	2,656	2,522	(134)	(85)	(49)
MonLife	8,188	(12)	8,176	8,183	8	(18)	26
Policy, Scrutiny & Customer Service	1,236	(3)	1,234	1,222	(11)	6	(17)
People	1,773	(1)	1,772	1,734	(38)	(57)	19
Chief Executives	3,009	(4)	3,006	2,957	(49)	(52)	2
Democratic Services	1,634	(1)	1,633	1,770	137	137	0
Legal and Land Charges	1,022	(1)	1,021	1,000	(21)	(22)	1
People	59	0	59	63	4	4	0
Law & Governance	2,715	(2)	2,713	2,833	120	120	0
Commercial, Corporate & landlord Services	1,597	(4)	1,593	1,661	67	51	17
Corporate Health & Safety	77	0	77	77	0	0	0
Finance	2,505	1,132	3,637	3,396	(242)	(243)	1
Information Communication Technology	2,837	119	2,957	2,953	(4)	(4)	0
Resources	7,017	1,247	8,264	8,087	(178)	(196)	18

Service Area	Original Budget 2023/24	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 6	Forecast (Under) / Over Spend @ Month 5	Variance Month 5 to Month 6
Precepts & Levies	24,578	0	24,578	24,578	0	0	0
Coroner's costs	171	0	171	189	18	18	0
Archives costs	213	0	213	213	0	0	0
Corporate Management	355	0	355	239	(116)	(116)	0
Pension related costs	757	0	757	757	0	0	0
Strategic Initiatives	1,642	2,500	4,142	2,102	(2,040)	(2,040)	0
Insurance	1,628	0	1,628	1,621	(7)	(0)	(7)
Corporate Costs & Levies	29,344	2,500	31,845	29,699	(2,146)	(2,139)	(7)
Net Cost of Services	202,854	2,294	205,149	207,330	2,181	1,835	346
Interest & Investment Income	(925)	0	(925)	(1,475)	(550)	(111)	(439)
Interest Payable & Similar Charges	6,953	0	6,953	6,945	(8)	11	(19)
Charges Required under Regulation	6,800	0	6,800	7,023	223	124	99
Other Investment Income	0	0	0	(42)	(42)	(24)	(18)
Borrowing Cost Recoupment	(3,658)	0	(3,658)	(4,011)	(353)	(252)	(101)
Contributions to Reserves	63	0	63	63	0	0	0
Contributions from reserves	(3,572)	(1,109)	(4,681)	(4,681)	0	0	0
Contribution from Council Fund	0	(1,185)	(1,185)	(1,185)	0	0	0
Appropriations	5,661	(2,294)	3,367	2,637	(730)	(252)	(478)
Expenditure to be Financed	208,515	0	208,515	209,967	1,451	1,584	(132)
General Government Grants	(91,451)	0	(91,451)	(91,451)	0	0	0
Non-Domestic Rates	(31,224)	0	(31,224)	(31,224)	0	0	0
Council tax	(93,642)	0	(93,642)	(93,792)	(150)	(200)	50
Council Tax Benefit Support	7,802	0	7,802	7,522	(280)	(260)	(20)
Financing	(208,515)	0	(208,515)	(208,946)	(430)	(460)	30
Net General Fund (Surplus) / Deficit	0	0	0	1,021	1,021	1,124	(103)

Unbudgeted grant assumption for remainder of year	(737)	(1,000)	263
Net budget pressure at Month 6	284	124	160

DIRECTORATE – DIVISION VARIANCE COMMENTS

SOCIAL CARE, HEALTH & SAFEGUARDING	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,830	3,190	0	0

The Social Care directorate continues to make in-roads into its identified savings targets; however, a number of key areas, particularly within adults services, remain challenging. The service continues to deal with high demand and complexity of people's needs making the balance between reducing costs and ensuring that people have their basic needs met is a challenging one. Increased oversight of spend is in place across the system.

Similarly, within adults services effective negotiations with care providers have allowed costs associated with fees and charges to be controlled. We are still experiencing demand led pressures particularly following hospital discharge, care home placements and care in the community.

It is pleasing to note that the work within children's services placement planning is showing good outcomes, and that the overall numbers of children coming into care continues to remain stable with a slight downward trend over the last 3 years. There are a number of key risks within the service which have an impact on cost including the insufficiency of children's placements. [The numbers of Unaccompanied Asylum Seeking Children entering the county has increased significantly which whilst cost neutral in itself puts renewed pressure on placements and on wider resources.]

Additionally the service is benefitting from a number of Welsh Government grants some of which are known to be short-term and others of which remain uncertain with regards to how long they might be available. Services supported by grants are deeply integrated into the core deliver of the service and contribute heavily to managing demand and supporting the delivery of savings.

ADULT SERVICES

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,618	3,009	0	0

Chief Officer summary: There is a £3.009m overspend forecast in Adult Services.

Progress against savings mandates remains challenging particularly with regard to the reduction of care at home hours and care home placements. Following an initial review pilot process in the central area, initial savings associated with the reduction of care packages was identified as £80K. The work to reduce and change the care packages with individuals is underway and the review process that was established is now extending out across the service based on the work. To monitor this we are tracking the total number of people in receipt of care at home against the total number of care hours delivered. It is also positive to note that the numbers of unmet need care at home hours has continued to show overall reductions.

We continue to show a deficit against saving mandates associated with Continuing Health Care. Some recent cases have been successfully pursued with health which has allowed us to generate £171K of savings against a target of £550K.

The main pressures are down to the £1.5M provider fees. At the beginning of the year this was calculated at £2M; however, after extensive fair fee negotiations with provider agencies we were able to reduce this by £0.5M.

A further pressure of £1.25M has arisen through continued increase in care home placements together with an increase in the average cost of care home placements. A gatekeeping panel has been

established to provide oversight to all requests for high-cost care packages including residential placements. Residential placements are now used in situations where the cost of care at home would exceed the cost of a residential placement, contributing to the continued rise in residential placements.

The overspend has been assisted by £900K underspends within MDML and Care at Home vacancies, and the £1.1M Social Care Workforce and Sustainability Grant, leading to the true underlying overspend more in the region of £5M, coupled with debt for care charges still running high at £1.802M.

Budget recovery measures are being enacted including increasing the oversight of all new packages of care against tightened eligibility criteria.

CHILDREN SERVICES

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	211	207	0	0

Children's services have been able to capitalise on their progression planning activity with individual children, bringing children into placements that are closer to home and more in keeping with their care and support needs and longer-term personal outcomes. This has included supporting some children to return home, or, for older children, into more independent settings. Additional family support services have been put in place to support this endeavour – with the service benefitting from Welsh Government grants to achieve this.

The overall £207K overspend within children's service is largely due to the increased cost of new placements and demand.

The service continues to have an over-reliance on agency staff working in critical areas of the service, particularly child-protection. The service is reviewing all agency assignments and accelerating agency exit plans wherever possible to contribute to budget recovery measures. The service is working in accordance with the All Wales pledge in order to control the costs associated with agency-worker fees.

PUBLIC PROTECTION

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	63	63	0	0

The deficit results from the staff restructuring saving mandate not being delivered, as a consequence of the Head of Public Protection post being retained. A vacant EHO post has been deleted which partly offsets this budget pressure.

SCH SUPPORT

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(62)	(89)	0	0

Due to vacancy savings within the directorate finance team.

CHILDREN & YOUNG PEOPLE DIRECTORATE

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	331	340	0	0

Chief Officer summary: The Directorate's Month 6 position is a forecast overspend of £340,334. This overspend is largely due to ALN Transport (£650k) and a reduction in ALN Recoupment (£445k).

We have been able to partly offset our overspend by successfully developing our in County ALN provision, which has resulted in a reduction of the number of ALN pupils attending Out of County or Independent placements.

All opportunities to make savings are being reviewed. This includes the cost of ALN Transport and any vacancies that may occur in the Directorate.

Emergency Planning

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(1)	(1)	0	0

Individual Schools Budget

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	134	176	0	0

The overspend is largely due to an increase in transport costs and we are working with the PTU to try and minimise these costs going forward:

- £56k Post-16 Transport
- £20k Bus to Caldicot School
- £12k Llandenny to Usk Transport

A further overspend of £46k has been due to the 2022/23 Pay Award, which has caused the SRS costs to increase for all schools. This pressure was not known at the time of agreeing the Service Level Agreements (SLA's) and so it could not be passed onto the schools, and we have also included the £38.6k Prudential Borrowing Charge in our forecast.

Resources

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(388)	(400)	0	0

The under spend of £400,305 is due to the following:

- £270k – releasing reserve and in year income from the Photovoltaic Recharges cost centre (solar panel income)
- £45k – staff cost savings through vacancies
- £45k – grant offsetting staff costs
- £25k - savings on ICT, as budgeted costs for SIMS Centralisation costs not incurred and Address Cleaning will now take place in 24/25
- £14k – grant offsetting ALN licencing costs

Standards

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	585	566	0	0

The overspend of £566k is due to the following:

- £650k ALN Transport – forecast revised based on actual costs incurred this year, and following re-tender where costs have significantly increased.
- £445k reduction in ALN Recoupment – with the recent changes in ALN formula for schools, all out of county recoupment for mainstream schools will be delegated to support pupils.
- £59k Breakfast clubs – increase in catering costs and reduction in income
- £18k - ALN Administration Service – unable to currently make the employee related savings

Offset by:

- -£378k saving on ALN Out of County – reduction in number of pupils in out of county schools has resulted in a saving
- -£112k saving in independent schools – reduction in the number of pupils requiring places
- -£10k saving in Education Psychology – due to staff savings
- -£98k grants used to offset staff costs
- -£11k Early Years staff cost savings

COMMUNITIES & PLACE DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	959	896	0	0

Chief Officer summary: The Directorate is forecasting an overspend of £896k at Month 6, an improvement on the previous position. The inflationary rises, supply chain issues, market instability and a post-covid environment continue to impact upon the cost of the provision of key services. This can be seen in waste services as an example where the recycling market remains volatile with increased cost and reduced income. In addition, national policy changes are continuing to impact upon the services particularly within school catering (Universal Free School Meals) and housing (Homelessness) which are not attracting full funding.

Each service area sets out the detail behind these projections in the next sections of this report. Across all services, we will continue to ensure that all eligible costs are claimed from any funding available. All opportunities to make savings are continuing to being reviewed and budge recovery proposals implemented.

Enterprise, Housing & Community Animation				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	524	264	0	0

Enterprise & Community Animation is forecasting a £264k over spend at month 6, an improvement of £260k since M5, this is mainly due to: -

- **Enterprise Mgt** - £52k over spend – No change from M5, our partner contribution towards City Deal has increased over and above available budget by £13k, on top of this senior management costs have exceeded budget due to the inability to make vacancy factor savings and an over spend in subscription and software costs.

- **Housing** - £382k over spend, this can be broken down into these main areas: -

- **Homelessness** – £198k over spend:

The Housing team are continuing to review accommodation and the number of B&Bs that we use have reduced to 47 in October, this has helped reduce our forecast B&B spend projection to £2.177m for the year. Ancillary spend including security, storage and damage repairs is now forecasting to be £657k. The majority of this cost will be offset by Housing Prevention grant of £467k and Housing Benefit of £1.458m but overall we are still left with a £135k shortfall against budget.

There is a further over spend relating to B&B placements in our benefits service due to the funding subsidy gap between what we pay in Housing benefit and what we can claim back from the DWP, currently this is forecast to be £300k over available budget.

The overspend has been part offset by windfall grant funding from WG of £237k that was not known in August and is the main reason for the improvement in position since M5.

This is a volatile area where accommodation demands can fluctuate month by month and officers are continually reviewing placement options to try and limit costs.

- **Shared Housing & Private Leasing** - £185k over spend – damage repair costs across our hostels and leased accommodation remains high and exceeds available budget. As mentioned at M5 we had similar issues last year but these were funded by additional HPG grant, we have recently received news of additional grant funding for this year that has allowed us to fund some of these costs and is the reason for the £30k improvement from M5.
- **Strategic Services** – £1k under spend – Staff under spend due to savings from a vacancy offset by unbudgeted Pension strain costs that were not known at M5.

- **Business Growth & Enterprise** – £169k under spend – this is as a result of managed staff savings due to the funding of core staff costs in Economic development (£133k) by grant as per M5 budget recovery plan and vacancy savings in the Strategic Operations Team due to the delay in the restructure that has only just been agreed (£37k).

- **Procurement** – On Budget.

Facilities & Fleet Management

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	220	190	0	0

Facilities, Fleet & De-carbonisation are forecasting a £190k over spend, due to-

- **Schools Catering** – Break-even – Current projection is that the cost of the roll-out of UFSM will **exceed our available budget by £137k** due to the increase in additional staff, materials and equipment required to cope with the uplift in meal numbers. WG are currently paying us £2.90 per meal but this isn't sufficient to cover costs, they are reviewing the meal rate and we will know in the autumn of the updated figure so we are assuming at M6 that this shortfall will be fully funded, although it must be noted that given the overall Welsh Government budget challenges this year there is a degree of risk that further funding will not materialise and we will have to cover the shortfall ourselves.
- **Passenger Transport** – Break-even – The budget pressure from external operator costs reported at Month 5 still remains with additional contracts and hand-back re-issues resulting in

a £396k overspend. This has been part offset by a £63k underspend in internal commissioning mainly due to private hire income and additional bus operator grant funding of £170k – on top of this the service recently received notice that we were owed additional BES grant, this one-off windfall was not known in August and is the reason for the improvement in position since M5.

- **Regional Transport Team** - £37k under spend – staff under spend as we have been able to use capitalisation directive to fund core service cost.
- **Car Salary Sacrifice Scheme** – £12k over spend – no change from M5, the number of members in the scheme has reduced in recent years to a point where the actual savings being made have fallen below budgeted levels.
- **Fleet maintenance** - £270k over spend – As reported at M5 pressures from fuel and parts inflation coupled with supply chain issues driving up external repair and replacement hire costs remain the main reasons for the overspend. The unit is on target to meet the £185k budget recovery measures built in as part of the authority recovery plan but there is an adverse swing of £137k since M5. This is mainly due to the sharp increases in fuel prices since August, these would not have been built in at M5 and when factored into our annual projections increases our fuel forecast by an additional £100k. We are also now projecting that vehicle hire costs will exceed our original projections. Officers will continue to review our fleet requirements to mitigate spend where possible.
- **Building Cleaning & Public Conveniences** - £69k under spend – mainly down to part year staff vacancy savings and the managed reduction in non-essential spend.
- **Solar Farm & Sustainability** - £77k under spend – due to improved income mainly from our PV installations caused by the increased market rates for energy.
- **De-Carbonisation Team** - £90k over spend – due to savings in staff costs of £161k as a result of 4 vacancies within the team, 2 of which will now not be filled as per the M5 recruitment freeze. We have also received grant funding of £26k which will help offset core costs. These underspends have been offset by the inability to achieve the full corporate energy target by £177k and the total mileage saving of £100k so even though the position has improved by £39k since M5 we still have a budget pressure to manage.

Neighbourhood Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	500	667	0	0

Neighbourhood Services are forecasting to over spend by £667k, this is due to-

- **Streetlighting** – £50k under spend – this is due to a managed underspend in maintenance as per the budget recovery plan where we have passported qualifying maintenance costs to available capital funding.
- **Highways Operations & SWTRA** – £50k under spend – Highways Operations is reporting a £50k underspend as a result of the rationalisation of our sweeping function to reduce costs as agreed in the authority’s budget recovery plan. The work undertaken for SWTRA (South Wales Trunk Road Agency) is currently on target to come in within budget.
- **Waste & Street Scene** - £767k over spend – this can be broken down into 2 main areas:-
 - **Waste Services** - £767k over spend - The recycling markets remain volatile and the downturn continues to increase reprocessing costs and reduction in recycling income, our month 5 forecasts did not anticipate the level of these increases and is the reason for the uplift in projected overspend of £189k from last month’s report.

The targets for trade waste income were very challenging and the new legislation on workplace recycling will see a further increase in base costs from April. The projected drop in garden waste customers did not occur, income is above prediction but extra customers are taking additional resource to service demand.

- **Grounds Maintenance** – Break-even – a £23k improvement since M5, a review of income projections coupled with staff savings from a vacant post and a reduction in all non-essential spend has brought the budget back in line

Placemaking, Highways & Flood

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(286)	(224)	0	0

Placemaking, Highways & Flood is forecasting to under spend by £224k, this is as a result of -

- **Planning & Building Control** – £81k overspend – Building control is projecting a further deterioration in income due to the downturn in the economy, the service is now reporting a £77k overspend, an increase of £55k since M5. Planning is reporting a small overspend in supplies and services of £4k.
- **Planning Policy & LDP** – Reporting a balanced budget.
- **Car Parks & Civil Parking Enforcement** - £33k overspend – income forecasts are projecting a shortfall against budget across the service of £52k. PCN fines are down due to staff absence, pay & display income is down due to the new car parks at Severn Tunnel and Wyebridge street not bringing in expected levels and we are also seeing a reduction in the issue of parking permits. We are also forecasting an increase in professional services fees, card payment fees, machine maintenance fees and software costs (total £39k), these have been offset by under spends on rates (£27k) and staff savings from vacancies (£31k).

Highways management & flooding - £339k under spend – Projections are still indicating that fee income across the department will exceed budgets mainly in road closure, inspection and SABs fees. In addition, there has been an increase in staffing underspend as the part year staff vacancy savings reported at M5 have now grown as most of the posts will not be filled as part of the recruitment freeze to aid with M5 budget recovery.

MONLIFE DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(18)	8	0	0

Chief Officer summary: The Directorate is forecasting an overspend of £8k at Month 6, which is broadly in line with expectations at Month 5. Inflationary rises, market instability and a post-covid environment continue to impact upon the cost of delivering key services. The primary areas of pressure being the Borough Theatre, Attractions, Markets, and the Contact Centre. The Borough Theatre has only reopened this year and is still recovering from the covid pandemic. This year's adverse weather has been detrimental to income delivery at our attractions, our Markets have not returned to pre covid levels and the contact centre remains under pressure due to increased demand and software updates.

(MonLife) Countryside & Culture				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(83)	(83)		

Countryside and Culture are predicted to under spend by £83k due to higher than anticipated grant income.

(MonLife) Communications

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(24)	(25)	0	0

Central communications are predicted to under spend by £25k due to the secondment of Central Communications Manager.

(Monlife) Finance & Business Development

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	174	250	0	0

Finance and Business Development are predicted to overspend by £250k, the primary areas of significant pressure are:

Borough Theatre which is predicted to overspend by £170k due to lower than anticipated income levels, the section is still recovering, and full growth is not expected for another 12months. Service improvement relates to utilisation of grants to fund core staff as agreed in the budget recovery plan.

Attractions which are predicted to overspend by £80k due to lower-than-expected income. Visitor numbers to all our attractions have been significantly impacted by the adverse weather conditions, the section will look to reduce further costs and look at any opportunities for further income generation, this is limited as the service approaches season closure.

Contact Centre which is predicted to overspend by £54k due to higher than anticipated staffing levels to cover long term sick, delays in implementing restructure which impacted forecast savings, failure to meet employee related savings along with inflation on existing essential contracts.

These pressures are off-set by £58k underspend on museums which includes one off call on reserves of £30k as per the budget recovery plan.

(Monlife) Leisure, Youth & Outdoor Adventure

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(85)	(133)	0	0

Leisure, Youth & Outdoor Adventure are predicted to underspend by £133k, with the overspend in outdoor adventure and youth being mitigated by higher than anticipated income at Monmouth Leisure Centre and higher than budgeted grant in sports development.

This remains an area of concern and requires close monitoring due to the significant income targets and the effect of the cost-of-living crisis on disposable income and future memberships.

CHIEF EXECUTIVE'S UNIT DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(52)	(49)	0	0

Chief Officer summary: Chief Executives is forecasting to underspend by £49k as a result of in-year recovery action mitigating some budget pressures.

This is largely due to salaries increased above available budgets and an inability to achieve the 3% vacancy factor which is built into budgets due to low staff turnover. We have also seen an increase in the

subscriptions charged by external bodies. The major area of service overspend is Welsh language translations which are required to comply with the Welsh Language Standards. A key post has been held vacant with work being done by other officers to try and redress the overspend.

Policy, Scrutiny & Customer Experience

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(11)	(11)	0	0

Policy, Scrutiny & Customer Experience is forecasting to under spend by £11k, the outturn position is made up of a number of under and over spends across the division with the main variances being :-

- **Corporate** - £45k over spend – Mainly staffing over spend due the full cost of CEO's PA which only had budget for a part time post, increase in a senior officer's banding after a realignment of responsibilities at Strategic Leadership Team which has no budget and the inability to meet vacancy factor savings.
- **Equalities & Welsh Language** - £19k under spend – Currently projecting a £69k under spend in staffing due to the delay in filling the Equalities officer post, this has been mostly offset by a £49k over spend in Welsh language costs due to the volume of external translation expected this year.
- **Levies, Subscriptions & Donations** - £20k over spend – membership subscriptions to external bodies such as the WLGA and LGA have increased over and above available budget.
- **Scrutiny** - £8k over spend – staffing costs are exceeding budget mainly own to inability to make vacancy factor savings.
- **Policy & Partnerships** – £65k under spend – mainly because of staff savings across the section where we have vacant posts within the community safety & CCTV teams and underspends in the GIS team as we have been able to passport core staff costs to capital.

People (CEO)

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(41)	(38)	0	0

People Services is forecasting to under spend by £38k, the main variances are as follows:

- **Payroll & System support** - £96k over spend – The main reason is the service is currently in the process of changing the recruitment system and have exceeded budget due to the overlap costs of changing from one system to the other, in addition staff costs are above budget due to the employment of 2 temporary staff to provide additional resource whilst the system is embedded (these were reported in People Mgt at M5) and the inability to meet vacancy factor savings.
- **People Management** - £12k under spend – Staff overspends due to honoraria payments and the inability to meet the vacancy factor saving have been offset by an increase in income as SLA recharges have exceeded budget.
- **Occupational Health** - £11k under spend – No change from month 5 - service demand is down resulting is an under spend against budget.
- **Corporate Training** - £111k under spend – Mainly as a result of staff vacancies (3) within the unit, one of which is the Head of Workforce planning & Development - the delay in filling this post has generated a sizeable in-year saving.

LAW & GOVERNANCE DIRECTORATE

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	119	119	0	0

Chief Officer summary: Law & Governance is forecasting to over spend by £119k, primarily due to an increase in members costs, alongside income shortfalls in Legal and land charges.

Every effort is being made to identify mitigating savings to recover the overall position, with £65k currently identified as part of the wider budget recovery plan. This includes looking at all uncommitted expenditure, the potential to capitalise system costs, and holding vacant posts open.

Democratic Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	137	137	0	0

Democratic Services is forecasting to overspend by £137k, this is due to:

- **Members** - £124k overspend – No change from Month 5 - the cost of elected members has increased over budget this year and is down to a number of factors. The members pay award was agreed at 4.75% for 23-24, this is over the 4.25% built into the budget so has caused a small pressure. The number of co-opted members has increased and the projected cost for these is anticipated to be £28k over previous years. We have seen a higher uptake in members joining the Superannuation scheme than in previous years and this has increased staff oncosts over available budget. There is a vacancy factor saving built into the budget, this will only be partially achieved this year causing a further pressure.

Democratic Services - £13k overspend – No change from Month 5 - this is mainly due to an increase in the cost of our ModGov support within the committee section offset by improved grant in Electoral Management

Legal and Land Charges

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(22)	(22)	0	0

Legal and Land charges is forecasting a £22k under spend:

- **Legal** - £27k underspend – staff savings generated by the gap in filling the Head of Governance post have been increased by a further £38k by the decision not to fill a post in line with the freeze on recruitment as part of the authority's budget recovery plan. This has been offset by a projected under recovery of income due to the inability this year to charge core staff costs to capital projects.
- **Land Charges** - £6k over spend – Search fees have been impacted by the downturn in the housing market resulting in a budget pressure in income, this has been part offset by a saving in staffing due to a vacant post and a £3k underspend in supplies & services as we have been able to fund an essential server upgrade via capital funding.

People

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	4	4	0	0

- **Organisational Development** - £4k overspend – No change from Month 5 - Staff over spend due to the inability to meet vacancy factor saving.

RESOURCES DIRECTORATE

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(196)	(178)	0	0

Chief Officer summary: At month 6 the Resources directorate is forecasting to under spend by £178k, resulting from the in-year budget recovery savings being incorporated into the forecast.

Whilst there has been a small deterioration in the forecast since month 5 of £18k efforts continue and to ensure that the opportunity to further reduce cost or increase income and savings opportunities are taken to support the overall Council objective of ensuring a balanced budget position is achieved by year-end. To that end the need to cease non-essential spend and in holding vacancies within the protocol established will continue to be maintained throughout the year.

Notwithstanding the in-year budget recovery savings the pressures continue to be within the corporate & commercial landlord budget, which is offset by savings within finance.

Efforts continue to improve the shortfall in savings and income across Landlord Services, in relation to property rationalisation savings, continued improvement in commercial investment performance and wider income generation across the portfolio and in particular county farms, industrial units and cemeteries.

Finance

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(243)	(242)	0	0

Finance is forecasting to under spend by £242k, this is mainly due to -

- **Revenues** - £30k under spend – due to :-
 - **Benefits & Council Tax** - £8k over spend – due to a £16k residual budget pressure from the Finance restructure and potentially reduced summons income in Council Tax and a £2k increases in software costs in Benefits. This has been partially offset by one off administration grant income for Welsh Government Retail Relief scheme.
 - **Debtors & Charity relief** – £37k under spend – due to one off burden funding for administering the Energy schemes on behalf of UK Govt, savings from a part year vacancy and a managed underspend in supplies and services.
- **Finance** - £180k under spend – Staff savings due to vacancies as the section is awaiting a restructure.
- **Audit** – £9k under spend – Staff savings as recruitment has been frozen in line with the budget recovery plan.
- **Systems & Exchequer** – £22k under spend – there is a net under spend within the section due to a staff vacancy in Cashiers that has not been filled in line with the current recruitment freeze and a reduction in software costs as system development has been paused to help in-year budget recovery. In addition we have seen an uplift in income from school recharges, Ukraine funding and capitalisation.

Future Monmouthshire

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

Future Monmouthshire is forecasting to return a balanced budget.

Information, Communication & Technology				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(4)	(4)	0	0
<ul style="list-style-type: none"> • ICT - £4k under spend - this is due to an underspend in the Cyber Security Team due to a managed reduction in non-essential spend as per the authority budget recovery plan. 				
Commercial & Corporate Landlord				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	51	67	0	0
Commercial & Corporate Landlord services is forecasting overspend by £67k, due to :-				
<ul style="list-style-type: none"> • Investment Properties - £143k overspend, due to – <ul style="list-style-type: none"> ○ Newport Leisure Park - £47k overspend – NLP is expected to generate a £290k surplus after loan repayments, however this falls short of the £337k budget target for 23-24. The £47K shortfall relates to unbudgeted rates on vacant units and rent-free periods for new tenants reducing turnover in 23-24. In 24-25 we will see these unexpected expenses reduce and income increase as the rent-free period ends. ○ Castlegate Business Park - £96k overspend – Castlegate is forecasting to overspend by £96k, this relates to the unbudgeted utility costs associated with our vacant units, the section continues to work on improving the vacancy rate which will help reduce this over spend by year end. • Landlord Services - £68k overspend – The budget includes a £215k saving from the rationalisation of our property portfolio – currently we are only estimating to find £50k this financial year. This overspend has been part offset by improved rental income, a salary saving due to the freezing of a vacant post and a one-off grant to cover the Ukrainian welcome centre. • Shared Accommodation - £21k under spend – Staff savings due to a vacant cleaner post and improved income. • County Farms - £33k under spend – Lettings have improved resulting in increased rental income. • Industrial Units - £22k under spend – Rental income has increased above budget due to a number of new lettings. • Cemeteries - £57k under spend. Burial income is projected to come in higher than budget. • Property Services - £10k under spend – the service is now reporting an underspend as a result of a vacant post in office services that will now not be filled in line with the M5 recruitment freeze. 				
CORPORATE COSTS & LEVIES DIRECTORATE				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2,139)	(2,146)	0	0
Precepts & Levies				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast at month 6.

Coroners Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	18	18	0	0

Coroner's Service are forecasting an over spend due to the urgent restructuring of the service as required by the Chief Coroner of England and Wales.

Corporate Management

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(116)	(116)	0	0

Increased income due to favourable rateable value adjustments on Council owned properties.

Non-Distributed Costs

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

No Forecast variance at Month 6

Strategic Initiatives

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2,040)	(2,040)	0	0

Unallocated reserve funded budgets of £3m that are mitigating the overall over spend within the Authority, offset by provision for the final level of LGE pay award which is £960k above budgeted levels.

Insurance

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	(7)	0	0

The Council has been out to tender for its insurance cover which resulted in premiums payable for 2023/24 being slightly less than anticipated and reflective of a very competitive insurance market. Additional premiums can arise during the year if further assets are acquired by the authority and require insurance cover.

APPROPRIATIONS DIRECTORATE

	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(251)	(730)	0	0

Interest & Investment Income

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(111)	(550)	0	0

Higher than anticipated cash balances throughout the year to date have contributed to higher investment balances and a reduced need for borrowing. If this trend continues for the remainder of the year, there may be further scope for increased underspends in this area.

The performance of investments in money market funds and DMO deposits continue to improve with rising interest rates. Since M5 further improvement in rates and larger invested balances have significantly improved the position.

Interest Payable & Similar Charges

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	12	(8)	0	0

Interest payable remains near target despite raising interest rates. The budget has been helped by a lower-than-expected temporary loan requirements combined with forward starting loans locking into beneficial rates. A Lender Option Borrower Option (LOBO) loan has also been repaid early reducing in year interest. The temporary loan requirement has reduced further since M5 reducing borrowing costs.

It should be noted that the authority has been able to achieve lower short-term borrowing rates by arranging forward starting loans in a rising interest rate environment. As we have likely reached a peak interest rate there is no longer a benefit in forward starting loans.

Charges Required Under Regulation

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	124	223	0	0

This budget covers the statutory amount the Council is obliged to set aside to fund future loan principal repayments (Minimum revenue provision – MRP) and the forecast is slightly higher than the £6.7m budget due to higher spend than anticipated in the 2022/23 capital programme that was funded from borrowing (MRP costs start the year after the corresponding expenditure). Additional charges have been made since M5 for vehicles disposed/written off. This movement is matched by and underspend in Borrowing Cost Recoupment.

Other Investment Income

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(24)	(42)	0	0

Unexpected one-off income related to discharge of SRS business capital advance and interest relating to the late payment on the balance of Hilston Park disposal (latter received since M5).

Borrowing Cost Recoupment

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(252)	(353)	0	0

This budget represents a technical accounting adjustment where borrowing costs relating to the purchase of capital assets is repatriated from service budgets to ensure that the full life cost of assets is borne by the end user. The variance to budget relates to vehicles purchased at the end of 2022/23 which were originally anticipated to be financed through a sale and leaseback arrangement, however following an options appraisal were found to be more cost effective to be purchased outright and financed from borrowing. Since Month 5 additional vehicles have been disposed of and written off resulting in additional recoupment. This movement is matched by an opposite variance in MRP charged.

FINANCING DIRECTORATE	Month 5	Month 6	Month 9	Outturn
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Deficit / (Surplus) £'000s	(460)	(430)	0	0
Council Tax Benefit Support				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(260)	(280)	0	0
The number of awards is currently relatively stable and have returned to pre pandemic levels.				
Council Tax				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(200)	(150)	0	0
Generally the tax base remains strong. We continue to see the base grow as new properties come into the council tax list. However at the same time we are also seeing an increase in the number of discounts and exemptions awarded which has a negative impact on the tax base. Currently the number of exemptions and discounts is outstripping the number of properties being added, which has had a negative effect on the forecast outturn position.				
General Government Grants				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
Income received to budget.				

2. SCHOOL BALANCES

2.1. A Board of Governors who are responsible for managing the school's finances directly governs each of the Authority's Schools. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools. Below is a table showing the forecast Schools' balances position based on month 6 projections for each Educational Cluster.

2.2. The LA and Governing Body have not formally agreed a 2023/24 budget for Chepstow Comprehensive.

Council Fund Outturn 2023/24 – School Balances Summary outturn position	(A) Opening Reserves (Surplus) / Deficit Position 2023/24	(B) Draw / (Contribution) from / (to) School Balances @ Month 5	(C) Draw / (Contribution) from / (to) School Balances @ Month 6	(D) Draw / (Contribution) from / (to) School Balances @ Month 9	(E) Draw/ (Contribution) to Reserves at Outturn	(A+C) Forecast 2023/24 Reserves £'000
	£000's	£'000	£'000	£'000	£'000	
Cluster						
Abergavenny	(1,598)	1,059	1,119	0	0	(480)

Caldicot	(1,151)	915	991	0	0	(160)
Chepstow	(112)	180	159	0	0	48
Monmouth	(1,425)	1,032	1,016	0	0	(409)
Special	29	478	478	0	0	506
Total	(4,257)	3,663	3,763	0	0	(494)

2.3. Collective School Balances at the beginning of the Financial Year amounted to £4,257,124 surplus. At Month 5, the forecast anticipated draw on reserves was £3,663,351, against a budgeted draw on reserves of £3,344,722, resulting in a forecast surplus balance of £593,885 at year-end. At month 6, the forecast draw on reserves has increased by a further £123,714, resulting in a forecast surplus balance of £494,159 at year end.

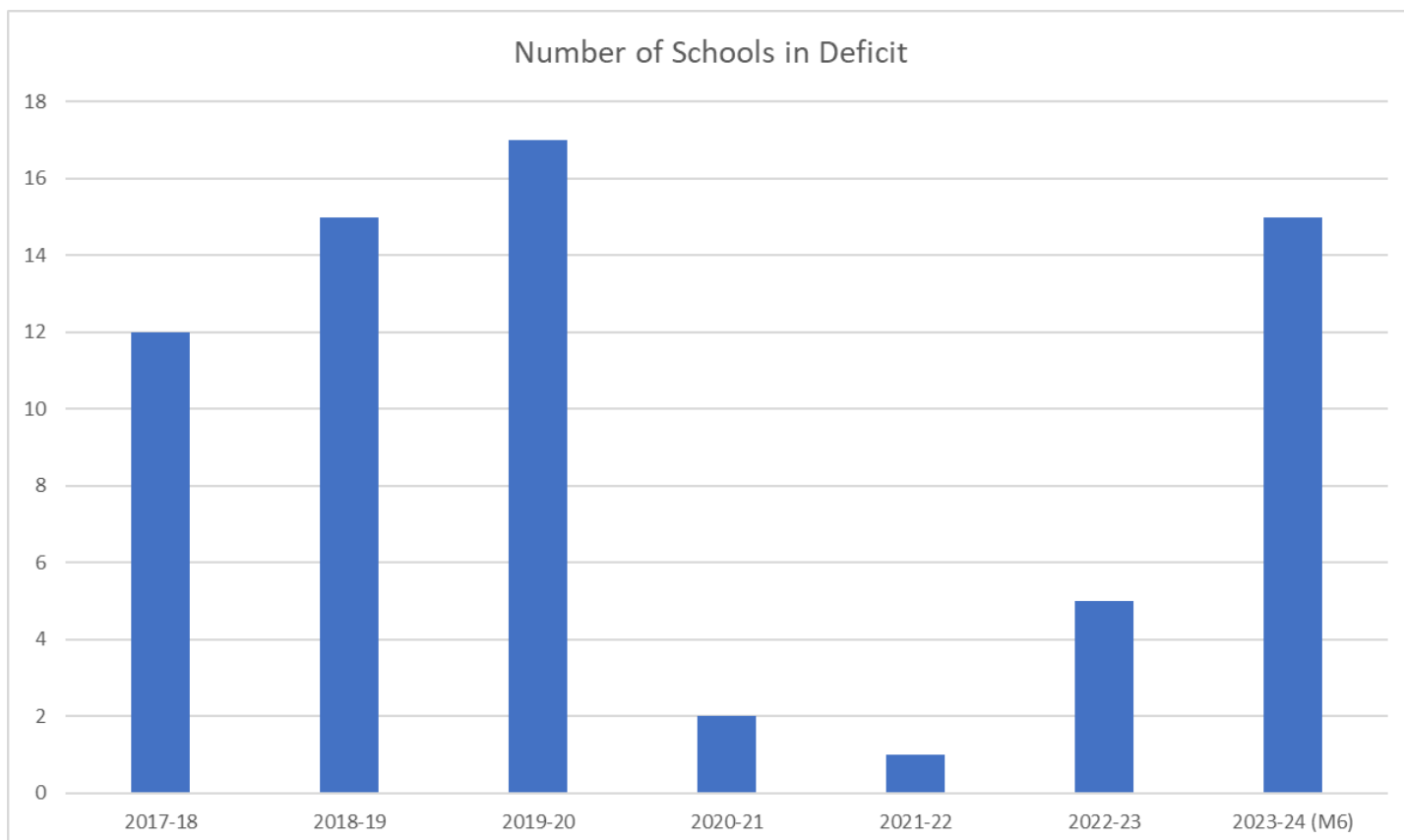
Grants awarded to schools at 2020/21 and 2021/22 year-ends resulted in a large increase in overall school balances and schools developed grant investment plans in line with the terms and conditions of these grants, hence the large draw on reserves during 2022/23 and 2023/24.

2.4. The movement of individual schools forecast to be in deficit at the end of the year is shown below:

Start of year	Month 5	Month 6	Month 9	End of year
Total: 5	Total: 11	Total: 15	Total: 0	Total: 0
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive		
Llandogo	Llandogo	Llandogo		
Pupil Referral Service	Pupil Referral Service	Pupil Referral Service		
The Dell	The Dell	The Dell		
Our Lady & St Michael's RC Primary School (VA)		Our Lady & St Michael's RC Primary School (VA)		
	Deri View	Deri View		
	Ysgol y Fenni	Ysgol y Fenni		
	Caldicot School	Caldicot School		
	Archbishop Rowan Williams	Archbishop Rowan Williams		
	Ysgol Y Ffin	Ysgol Y Ffin		
	Osbaston	Osbaston		
	Overmonnow	Overmonnow		
		Gilwern		

		Rogiet		
		Thornwell		

- 2.5. There is not a consistent picture of schools' balances. There has been a fluctuating trend for some time with some schools showing a continuing reduction in schools balances, which is of concern, and others a more stable trend. As previously advised, grants awarded to schools at 2020/21 and 2021/22 year-ends resulted in a large increase in overall school balances, which has somewhat masked structural budget deficits across some schools.
- 2.6. The projected return of fifteen schools into deficit balance by the end of the year is disappointing and points to inherent structural budget deficits remaining in some cases.



- 2.7. All schools that do register a deficit balance at the end of a financial year are required to bring forward budget recovery plans. These recovery plans will be confirmed with both the Local Education Authority and each School's Governing Body. Once finalised the schools with significant deficits will be monitored by the Cabinet member for both Children and Young People and Resources on a termly basis.

Financial Year-end	Net level of School Balances (Surplus) / Deficit in £000's
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)

2018-19	232
2019-20	435
2020-21	(3,418)
2021-22	(6,956)
2022-23	(4,257)
2023-24 (forecast)	(494)

3 CAPITAL OUTTURN

3.1 The summary Capital position at Month 6 is as follows:

Select Portfolio	Slippage B/F	Original Budget	Budget Adjustments	Provisional Slippage	Revised Budget 2023/24	Forecast Outturn	Variance to Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure							
Capitalisation Directive	0	3,008	0	0	3,008	3,008	0
Development Schemes Over £250k	12,042	603	884	(1,059)	12,470	10,280	(2,190)
Development Schemes Under £250k	2,527	360	(10)	0	2,877	2,877	0
Schools & Education	6,265	29,375	(63)	(4,421)	31,155	31,155	0
Infrastructure	2,455	6,823	0	(2,829)	6,449	6,449	0
ICT Schemes	866	413	0	(13)	1,266	1,266	0
Property Maintenance	2,027	2,190	244	0	4,461	4,461	0
Renovation Grants	0	900	158	0	1,058	1,058	0
Section 106	828	0	0	(633)	195	195	0
Specific Grant Funded	6,089	500	9,435	(245)	15,779	15,779	0
Total Expenditure	33,098	44,171	10,648	(9,200)	78,718	76,528	(2,190)
Financing							
Supported Borrowing	0	(2,430)	0	0	(2,430)	(2,430)	0
General Capital Grant	0	(2,495)	0	0	(2,495)	(2,495)	0
Grants and Contributions	(8,446)	(19,061)	(10,388)	1,304	(36,591)	(36,591)	0
S106 Contributions	(917)	0	0	633	(284)	(284)	0
Unsupported Borrowing	(20,864)	(15,787)	(70)	7,250	(29,471)	(27,281)	2,190
Earmarked Reserve & Revenue Funding	(305)	(103)	0	13	(395)	(395)	0
Capital Receipts	(2,565)	(4,295)	(191)	0	(7,051)	(7,051)	0
Total Financing	(33,098)	(44,171)	(10,648)	9,200	(78,718)	(76,528)	2,190

3.2 The capital expenditure at outturn demonstrating a net underspend £2.19m, due to the following variances identified:

Scheme	Budget £000's	Over / (Under) spend £000's	Comment
Abergavenny borough theatre refurbishment	796 (Prior year)	10	Increase over and above original construction cost projection due to unforeseen lighting costs and over-run charges from contractor. As per Cabinet report, the overspend will be financed from borrowing and the service will meet repayment costs.
Asset Investment Fund	(2,200)	(2,200)	Underspend due to Investment window expiring at end 2022/23 so no further investments proposed. This does not realise a usable budget for the Council as the budget was financed from borrowing that was to be met from service income.

3.3 Capital Slippage

3.4 Capital slippage forecast at Month 6 is £9.2m. Whilst slippage on large, often complicated capital schemes is to be expected, budget holders are encouraged to be realistic in their profiling of capital expenditure. Whilst slippage does not result in immediate financial implications for the Council, it can lead to inflationary pressure on scheme costs, and increase the volatility on the profiling of the associated revenue costs of borrowing backed schemes.

3.5 The principal schemes reporting slippage are:

Scheme Category	Scheme Name	Slippage £000's	Comment
Schools & Education	Abergavenny 3-19 School	4,421	The construction is progressing well, the slippage is due to a revised cost schedule from the contractors.
Schools & Education	Archbishop Rowan Williams Nursery	640	In addition to this funding there is further S106 funding to improve / expand classrooms. The project is delayed so both projects can be completed at the same time to minimise the disruption to the school.
Schools & Education	Trellech Primary Nursery Childcare Scheme	419	Completion of Nursery scheme to be completed in 2024, additional funding has been requested from WG as the construction costs have increased and until confirmation has been received the project is unable to start.
Infrastructure	Wye Bridge Monmouth	2,170	Scheme delayed to 2024/25 because there are environmental constraints due to Licences / permits and working with NRW. Costs currently estimated to remain as budgeted.
Infrastructure	Wye Bridge Chepstow	375	Scheme delayed to 2024/25 – Investigatory works are being completed (traffic data etc), which have been commissioned to support the remedial decisions before the employment of a contractor.
Infrastructure	Reconstruction of Bridges and walls	264	Re-surfacing works delayed on Wye Bridge project. No compliant bids were received in the first tender process so have to go back out to tender and this will take us into the 2024/25 financial year.
Infrastructure	Other Schemes	20	Necessity for surveys has delayed some Public Rights of way schemes
IT Schemes	Revenue Systems update	13	Delay in updating system as exact requirements have not yet been identified that enables an integrated solution

S106	S106 Schemes	633	Delays in planning / public consultations and contractor engagement, have led to delays on schemes at Abergavenny Velo Park; Off Road Cycling Feasibility Study; Goytre Recreational Play Facilities; Abergavenny Skate Park; Monmouth Allotments, Little Mill active travel and a small play scheme in Chepstow.
Grants	Match Funding	245	Electric vehicles purchase delayed due to supply chain difficulties

3.6 Usable Capital Receipts Available

3.7 The table below outlines the latest forecast of capital receipts balances available to meet future capital commitments. Whilst overall balances remain healthy, it should be noted that all banked capital receipts have been committed to funding the indicative forward capital programme. Therefore any further use will be dependent upon forecast capital receipts being realised.

Month 6 Capital receipts forecast	2023/24	2024/25	2025/26	2026/27	2027/28
	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April	12,446	8,080	8,992	8,029	6,567
Capital receipts used for financing	(4,043)	(1,158)	(1,058)	(1,058)	(1,058)
Capital receipts used to support capitalisation direction	(3,008)	(508)	(508)	(508)	(508)
Capital receipts for Redundancies	(1,000)				
Capital receipts Received	1,043				
Capital receipts Forecast	2,642	2,578	603	103	103
Forecast Balance as at 31st March	8,080	8,992	8,029	6,567	5,104

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Budget Savings & Recovery Progress At Month 6

Appendix 2

Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
	£000	£000	£000	£000	£000		
Social Care & Health	(3,349)	(146)	(3,495)	(2,701)	794	77.3%	Adult's services - £840k shortfall against £2.0m target due to the complexity and level of demand for care needs restricting progress, some savings being dependent upon third party negotiation, and challenges resourcing some of the service change required.
Children & Young People	(1,809)	(432)	(2,241)	(2,136)	105	95.3%	Not possible to meet target of increased ALN recoupment income following changes agreed in the ALN formula for schools
Communities & Place	(2,513)	(883)	(3,396)	(2,887)	509	85.0%	£177k shortfall in meeting energy reduction targets following a delay in resourcing the team £160k shortfall in Fleet reduction and mileage reductions following delays in the roll out of the pool car scheme and other initiatives intended to reduce business mileage £70k as changes to Passenger transport routes have not been able to be achieved due to insufficient budget to make the changes necessary to improve the amber route. £17k shortfall as we are unable to change the licencing arrangements for schools and community transport due to the number of vehicles we are operating
Monlife	(930)	(362)	(1,292)	(1,255)	37	97.1%	A delay in progressing some staffing reductions
Chief Executives Units	(39)	(65)	(104)	(104)	0	100.0%	
Law & Governance	(86)	(71)	(157)	(127)	30	80.9%	
Resources	(991)	(187)	(1,178)	(1,053)	125	89.4%	Property estate rationalisation has not progressed as quickly as anticipated
Corporate Costs & Levies	(433)	0	(433)	(433)	0	100.0%	
Totals	(10,150)	(2,146)	(12,296)	(10,695)	1,600	87.0%	

Page 37

Ref	Social Care & Health	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	Comment
		£000	£000	£000	£000	£000	
SCH3	Children's Services - Placement and Practice Change - re-evaluating our current processes and systems post-covid in order to clearly define at what points we make essential decisions in regard to when a child is placed within a High-Cost Placement	(748)	0	(748)	(1,261)	(513)	Care planning for High Cost and Solo Placements is in place with HOS oversight and sign off. This is allowing children to progress to alternative placements where this is in keeping with their care and support needs and their longer term personal outcomes.
SCH5	Staffing reductions to Adult Services - The proposal is to create savings by reducing the core workforce across the statutory teams in adults' services.	(308)	0	(308)	(266)	42	A monitoring framework has been established and a "totaliser" set up to track, record and account for all the identified staff savings throughout the year.
SCH4	Children's Service Redesign/Staffing - (i) Family Time Service Development, (ii) Review of Structures and Service Operating costs	(421)	0	(421)	(72)	349	Additional Family Contact Sessional workers are in place providing cost avoidance activity where intensive family supervision is required (previously the service was reliant on commissioned services). Weekly Workforce Meeting of Children Service Leadership Team is overseeing the reduction of the use of agency social workers, which is progressing positively.

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
SCH10	Adults - Care hours, block commissioning, Mileage - Reduce amount of direct care in the region of 10% whilst rebalancing in house/external provision	(400)	0	(400)	(80)	320		Various workstreams underway to right size care packages but challenges associated with identifying the resource required to undertake the work. A Review pilot in Monmouth to right size packages and Nevill Hall to discharge people with minimal care requirements, and establishment of a weekly QALG (Quality Assurance Group) to right size care package and ensure cost efficiency. However current data tells us that overall, once care reductions and new demand has been accounted for, the impact is one of increasing spend in this area.
F&Cs	Fees and charges increases - in line with inflation for SCH directorate	(415)	0	(415)	(415)	0		All agreed Fees and Charges for 2023/24 have been implemented
SCH9	Practice and Process Change Adults - For people with high support needs	(250)	0	(250)	0	250		SCH7 and 9 are merged together as they are both looking into the same operational areas and are mainly focussing around practice change and the effective application of CHC around the Adult care spectrum. At present we have one LD cases which has entered into the final level 3 dispute stage and we continue to challenge ABuHB with estimate costs of £250K.
SCH7	Learning disabilities - Remodelling of learning disability and mental health teams that will involve a decrease in team management hours.	(300)	0	(300)	(171)	129		
SCH8	Adult services - Direct payment saving	(200)	0	(200)	(200)	0		10% levy has been applied to all Direct Payment care packages
SCH2a	Staff restructuring within the Public protection service.	(103)	0	(103)	(28)	75		There was an inherent risk of moving forward on the proposal for removal of the Head for PP and we will look throughout the year at any mitigation where possible. At present an EHO post has been identified for deletion.
SCH11	Transformation Team structure - reduction in core workforce	(61)	0	(61)	(58)	3		Saving met practically in full
SCH10	Reduction in Adult partnership arrangements for Gwent service delivery models - Shared lives, Emergency duty, Frailty, Regional partnership team	(60)	0	(60)	(7)	53		Savings to date represent a £7K reduction in the RPT contribution.
SCH13	Monmouthshire & Torfaen YOS – Accommodation Change, Reduction in Staffing, Reallocation of Duties	(44)	0	(44)	(44)	0		YOS partnership budget has been realigned accordingly so SCH achieved the saving in its partner in year contribution
SCH12a	Transformation Team structure - vacant and temporary posts	(39)	0	(39)	(39)	0		Savings met 100% : Removal of counselling development fund (£8,000) Reduce commissioned training. (£6,729) Reduce professional accredited professional and leadership training commissioned (£10,000) Review business support functions - vacant post (£14,000) £2914.00 from S040 vacant post Mandate SCH12a/b £100,000.00
SCHREC1	Hold identified vacancies Adult Services	0	(45)	(45)	0	45		Alternative savings have been identified
SCHREC2	10% reduction in workforce costs	0	(11)	(11)	0	11		Alternative savings have been identified
SCHREC3	Winter resilience funding	0	(60)	(60)	(60)	0		
SCHREC4	Hold identified vacancies Children's Services	0	(30)	(30)	0	30		Alternative savings have been identified
	SCH Totals	(3,349)	(146)	(3,495)	(2,701)	794		

Ref	Children & Young People	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
CYP13	Schools - A reduction in the budget delegated to schools of 2.8% after making full provision for pay and energy increases.	(1,450)	0	(1,450)	(1,450)	0		This saving has been made in full. The ISB has been reduced to reflect this.

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
CYP8	Increase ALN recoupment income - additional places and increased charges to cover pay awards.	(100)	0	(100)	0	100		With the recent changes in the ALN formula for schools, all out of county recoupment for mainstream schools will be delegated to schools to support pupils. Therefore, any additional income generated through additional places will be delegated to the schools.
CYP12	Gwent Music - partial withdrawal of subsidy from the service.	(61)	0	(61)	(61)	0		This saving has been agreed with Gwent Music and will be made in full
CYP11	Grant funding to support Education Psychology staff budget	(81)	0	(81)	(81)	0		Grant funding in place to fund post so saving will be made without loss of post
CYP10	Reduce contribution to Education Achievement service - To reduce MCC's core contribution by 10%	(40)	0	(40)	(40)	0		This has been agreed with the EAS and the saving will be made in full
CYP6	Grant funding to support the Additional Learning Needs Admin Team	(30)	0	(30)	(30)	0		Grant funding in place to fund post so saving will be made without loss of post
CYP15	Support Services staff savings through restructure	(25)	0	(25)	(25)	0		Savings will be made through restructure
CYP7	Additional Learning Needs Equipment - To cease funding for ALN specialist equipment that is funded centrally for pupils placed in our schools.	(22)	0	(22)	(17)	5		Funding has been made available for a pupil in one of our mainstream schools
CYPREC1	To use grants to displace current salary costs, to be used in line with the current grant terms	0	(85)	(85)	(85)	0		
CYPREC2	Hold vacancy open	0	(5)	(5)	(5)	0		
CYPREC3	The reserve relates to income from the PV solar panels on some schools.	0	(150)	(150)	(150)	0		
CYPREC4	The reserve relates to income from the PV solar panels on some schools.	0	(120)	(120)	(120)	0		
CYPREC5	To use grants to displace current salary costs, to be used in line with the current grant terms	0	(53)	(53)	(53)	0		
CYPREC6	Vacancy in Support Services not being filled.	0	(19)	(19)	(19)	0		
	CYP Totals	(1,809)	(432)	(2,241)	(2,136)	105		

Ref	Communities & Place	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
DeCarb1	Decarbonisation - Reducing energy consumption across the Council's estate	(532)	0	(532)	(355)	177		Potential Risk - only estimating 2 thirds achievable at present - Decarbonisation team is not yet in place resulting in a delay in implementing the energy reduction strategies highlighted in the saving mandate. In addition April and May was colder than expected so we are expecting heating bills to be up.
DeCarb1	Commercial & Landlord Services - Solar farm export tariff income	(150)	0	(150)	(150)	0		Achievable - budget uplifted to reflect 22-23 activity, no indication that this will not be the case in 23-24 so saving should be achieved in full.
C&P28	Highways Development & Car Parks - Increasing car park & permit charges.	(280)	0	(280)	(280)	0		Achievable - car park prices have been increased across authority, if activity remains the same as 22-23 then saving will be achieved in full.
22/23 Decision	Neighbourhood Services - Recycling & Waste - Increase garden waste charges to achieve a full cost recovery model and increase annual charge based on inflation	(250)	0	(250)	(250)	0		Achievable - Prices were uplifted as part of cabinet report in Jan - no notable reduction in uptake so assume saving will be made in full.

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
TRAN1+2	Fleet Maintenance - Reduction in operating fleet and corporate mileage reduction.	(160)	0	(160)	0	160		Fleet reduction of £60k - current M6 projection indicates that this will now not be achieved, the service is continually looking to reduce the number of vehicles but current service demand means the rationalisation is going slower than expected. Mileage - not achievable - roll-out of pool car scheme and other initiatives has been slower than anticipated so cannot forecast that any of this saving will be found in 23-24.
F&Cs	Uplift in fees & charges not covered by a standalone mandate	(155)	0	(155)	(155)	0		Achievable - Services have uplifted fees as per 23-24 MTFP - if activity remains the same then saving will be achieved across directorate.
C&P27	Highways Development & Car Parks - To increase the income target for road closures	(149)	0	(149)	(149)	0		Achievable - budget uplifted to reflect 22-23 activity - no indication that this will not be achieved in 23-24.
C&P4	Neighbourhood Services - To reduce the revenue budget for street lighting maintenance taking account of the reduction in energy usage and reduced maintenance requirements of recently renewed columns, LED lamps and traffic light renewals	(142)	0	(142)	(142)	0		Achievable - Energy and maintenance saving reflects actual reduction in 22-23, no indication that these savings will not re-occur in 23-24.
C&P8	Neighbourhood Services - Reduction of grounds maintenance services	(90)	0	(90)	(90)	0		Achievable - Mowing schedules have been reduced and sweeping structure changed so saving should be achieved in full.
C&P6	Neighbourhood Services - Grounds Maintenance and Cleansing - Uplift of charges for external contracts	(120)	0	(120)	(120)	0		Achievable - Pricing schedule has been updated to reflect new rates.
C&P3	Neighbourhood Services - Service savings and staff reduction.	(80)	0	(80)	(80)	0		Achievable - Re-use shop has increased opening hours so saving should be achieved, black bag sorting has been employed at sites so we should see a reduction in overall tipping costs.
C&P17,18,21+24	Highways & Flood Mgt - Reduction in staffing costs in the Highways and Flood Management service area	(74)	0	(74)	(74)	0		Achievable - Posts have been removed from structure so saving should be made in full.
PTU1	Passenger Transport Commissioning - New acceptable routes are implemented to reduce transport requirements based on current transport policy	(70)	0	(70)	0	70		Unachievable - Our Road Safety Officers have advised that we do not have sufficient budget to make the changes necessary to improve the amber routes, this means we still have to provide transport and as a result the expected reduction in operator costs will not materialise. This will not impact on current M6 outturn as this over spend has been offset by other mitigating factors within the service.
C&P34+35	Planning, Policy & Building Control - To reduce revenue budget for the service area by reducing the professional and specialist fees, and photocopying and postage budget.	(59)	0	(59)	(59)	0		
22/23 Decision	Housing - A proposed restructure of the Housing Sustainable Living Team	(50)	0	(50)	(50)	0		Achieved - Post has been removed from structure
22/23 Decision	Flexible Funding - Restructure Management Team to reduce core costs	(50)	0	(50)	(50)	0		Achieved - Post has been removed from structure
C&P7	Neighbourhood Services - Savings from Silbuster recycling plant.	(30)	0	(30)	(30)	0		Achievable - recycling plant is operational and contracted rebate payments have been received, saving will be achieved in full.

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
PTU7	Passenger Transport - Terminate the Mission Software and revert back to CTX which is a lower cost	(30)	0	(30)	(30)	0		Achievable - Change has been made, savings should be achieved in full.
C&P12	Housing - to build on the foundations of the well-established Careline Service to ensure it continues to be fit for future purpose.	(25)	0	(25)	(25)	0		Month 6 projections are indicating that this will be fully achieved.
PTU4-6a	Schools & Community Transport - Changing the licensing arrangements	(17)	0	(17)	0	17		Unachievable - This will not materialise as we have not been able to proceed with the operators licence as we are only allowed to run 10 public bus / grass route vehicles on it and we have more than that.
C&PREC1	Use spare capital budget to fund qualifying spend sat within revenue budget	0	(188)	(188)	(188)	0		Achievable - Work is ongoing to identify costs and passport to capital funding.
C&PREC2	Passport qualifying maintenance spend to capital	0	(50)	(50)	(50)	0		Achievable - Work is ongoing to identify costs and passport to capital funding.
C&PREC3	Reduce the number of sweepers/vactors currently on hire	0	(50)	(50)	(50)	0		Achievable - contracts will be reviewed and rationalised.
C&PREC4	Pay for fuel tanks from Capital	0	(23)	(23)	(23)	0		Achieved - costs will be passported to available funding.
C&PREC5	Passport qualifying parts & maintenance spend to capital	0	(120)	(120)	(120)	0		Achieved - costs will be passported to available funding.
C&PREC6	Curtaiment of non-essential spend	0	(29)	(29)	(29)	0		Achievable - all non essential spend will be stopped.
C&PREC7	Remove Council Car	0	(3)	(3)	(3)	0		Lease has ben cancelled so saving will be found.
C&PREC8	Continue review of vehicle fleet (owned & hired) to drive out efficiencies.	0	(10)	(10)	0	10		Work ongoing to rationalise hire fleet but as per Month 6 outturn figure we are not expecting to now make this saving.
C&PREC9	Curtaiment of non-essential spend (outside of above)	0	(4)	(4)	(4)	0		Achievable - all non essential spend will be stopped.
C&PREC10	Curtaiment of non-essential spend	0	(5)	(5)	(5)	0		Achievable - all non essential spend will be stopped.
C&PREC11	Use of capitalisation direction	0	(8)	(8)	(8)	0		Achieved - costs will be passported to available funding.
C&PREC12	Freezing system development spend relating to the digitising of the Microfiche system.	0	(30)	(30)	(30)	0		Achieved - system development has been stopped
C&PREC13	Withdraw Free Xmas Parking	0	(20)	(20)	(20)	0		Achieved - free parking has been removed.
C&PREC14	Use of capitalisation direction	0	(18)	(18)	(18)	0		Achieved - costs will be passported to available funding.
C&PREC15	Explore opportunities to use grant funding to cover core costs	0	(66)	(66)	(66)	0		Achievable - core costs will be moved where applicable.
C&PREC16	Freezing of all Non-exempt posts	0	(259)	(259)	(184)	75		Part achieved - currently only on target to partially achieve this saving as since saving was set some posts have been unfrozen so full saving won't be found. This variance will have been reflected in the outturn position of services at M6.
	C&P Totals	(2,513)	(883)	(3,396)	(2,887)	509		

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
Ref	Monlife	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance		Comment
		£000	£000	£000	£000	£000		
ML 3 & 4	Finance & Business Support Restructure	(104)	0	(104)	(104)	0		Restructure complete - Post deleted from structure savings will be fully achieved
ML22	Gilwern Outdoor Adventure Services Redesign - Increase income through new business, new ways of working and engaging further with Monmouthshire internal services to provide cost avoidance for CYP and Social Services.	(100)	0	(100)	(100)	0		Early indications of continued growth along with the services final outturn position indicates that this saving should be fully achievable in 23-24, there is still significant uncertainty around winter bookings and our re-engage program which are both essential in achieving the necessary income targets, we will continue to monitor this close and report any variances.
F&Cs	Uplift in fees & charges not covered by a standalone mandate	(83)	0	(83)	(83)	0		Fee's updated 01st April 2023 - Early indications this will be achievable.
ML 7,8,9 & 21	Attractions Service Redesign	(65)	0	(65)	(65)	0		Redesign is underway savings will be fully achieved in 23-24
ML1	Green Infrastructure Grants - To fully utilise Shared Prosperity Fund (SPF), Local Places for Nature and related grants / project funding	(45)	0	(45)	(45)	0		The service has received notification of successful bids, these will allow this saving to be fully achieved in 23-24.
ML5	Removal of vacant Project Officer post	(45)	0	(45)	(45)	0		Post deleted savings will be fully achieved
ML14	Youth Services - Seeking to maintain service delivery at reduced core costs by increases reliance on external grants, an internal restructure of priorities, programmes and delivery.	(25)	0	(25)	(25)	0		A joined up approach to funding through the delivery of sports development youth and play should provide the necessary opportunities to maximise external income opportunities and deliver this saving in 23-24.
ML19	Old station Tintern Miniature Train Track - Complete the necessary repair and maintenance on the miniature train track through an initial one-off capital investment of £45k, this will allow us to re-open this much-loved attraction and increase our income generation.	(25)	0	(25)	(25)	0		
ML10	Collections Management - Remove 0.40 FTE from the Collections Management Post, currently vacant within the structure.	(21)	0	(21)	(21)	0		Post removed savings will be fully achieved
ML13	Sports Development - To increase income generation through external grants, seeking to maintain service delivery at reduced core costs but increase service reliance on alternative external grants.	(20)	0	(20)	(20)	0		This income will be fully achieved in 23-24
ML2	Countryside Access Grant Project cost recovery - To fully utilise the full cost recover model when recovering project management costs, ensuring our recovery rates maximise the rate allowed by grant providers.	(20)	0	(20)	(20)	0		In progress early indications indicate that the additional income will be fully achieved in 23-24.
ML11	Visitor charging at some heritage exhibitions/activities and events	(20)	0	(20)	(20)	0		Program is being developed, income should be fully achievable in 23-24.
ML18	Recharge Project Officers against Grant - Ensuring full cost recovery of officer's time against grants.	(20)	0	(20)	(20)	0		Additional grants awarded to MONLIFE will allow this income to be fully achieved in 23-24.
ML12	Sale of Caterpod	(10)	0	(10)	(10)	0		In the process of arranging the sale of the caterpod will be complete in 23-24.

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
ML15	Caldicot Fitness Equipment Maintenance - Reduce Caldicot LC maintenance contract to reflect the ageing equipment and seek a local accredited supplier to maintain	(10)	0	(10)	(10)	0		Contract negotiations underway, this saving should be fully achieved in 23-24.
ML17	Commercial contributions and Sponsorships	(10)	0	(10)	(10)	0		This will be achieved in 23-24.
ML6	Reducing the Marketing supplies and services budget	(5)	0	(5)	(5)	0		This saving will be fully achieved in 23-24
CEO1-5	Community Hubs - Reduce staffing levels at community hubs in order to reduce costs while keeping all hubs open with reduced service levels.	(135)	0	(135)	(135)	0		Achievable - improvement from M2, an updated assessment has been made and it is now predicted that this saving will be fully found within the available budget.
CEO08	Community Hubs & Libraries - Reduce the budget for library books by 50% from £90,000 to £45,000,	(45)	0	(45)	(45)	0		Achievable - budget removed, purchases will be limited to new figure.
CEO10	Community Education - Increase income by growing learner base	(10)	0	(10)	(10)	0		Achievable - Early indication is that this will be achieved.
CEO11&13	Contact Centre - To reduce staffing levels in the contact centre by 2.5 FTE	(112)	0	(112)	(75)	37		Full year saving won't be achieved due to timing of redundancies.
MonLifeREC1	Secondment Theatre Manager to SPF Project	0	(30)	(30)	(30)	0		
MonLifeREC2	Creative Cultures Grant	0	(8)	(8)	(8)	0		
MonLifeREC3	Event Budget	0	(2)	(2)	(2)	0		
MonLifeREC4	Reserve - Funding core staff	0	(30)	(30)	(30)	0		
MonLifeREC5	Business Support	0	(8)	(8)	(8)	0		
MonLifeREC6	Reduce Enhancements and Overtime	0	(5)	(5)	(5)	0		
MonLifeREC7	Freeze Markets Manager Post	0	(19)	(19)	(19)	0		
MonLifeREC8	Secondment of Head of Communications	0	(29)	(29)	(29)	0		
MonLifeREC9	Pause spending on Museums signage	0	(4)	(4)	(4)	0		
MonLifeREC10	Reduce spending on clothing and Uniform	0	(4)	(4)	(4)	0		
MonLifeREC11	Reduce Chepstow Café Opening Hours	0	(5)	(5)	(5)	0		
MonLifeREC12	Sell surplus equipment	0	(10)	(10)	(10)	0		
MonLifeREC13	Freeze implementation of destination management plan	0	(15)	(15)	(15)	0		
MonLifeREC14	Reducing all non essential service spend	0	(15)	(15)	(15)	0		
MonLifeREC15	Freeze GGGP Business Support Post	0	(17)	(17)	(17)	0		
MonLifeREC16	GGGP - Simplified Costs	0	(21)	(21)	(21)	0		
MonLifeREC17	Rights of way	0	(15)	(15)	(15)	0		
MonLifeREC18	Officer Recharge PS	0	(70)	(70)	(70)	0		
MonLifeREC19	Freeze Community Learning Lead Tutor Post	0	(45)	(45)	(45)	0		
MonLifeREC20	Reduction in rates across hubs	0	(10)	(10)	(10)	0		
	MonLife Totals	(930)	(362)	(1,292)	(1,255)	37		

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		

Ref	Chief Executive's Unit	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance		Comment
		£000	£000	£000	£000	£000		
CEO14	Performance & Data - Remove data scientist post	(39)	0	(39)	(39)	0		Achievable - Post removed from structure
CEOREC1	Reduce training spend	0	(3)	(3)	(3)	0		Currently on target to be achieved.
CEOREC2	Use of capitalisation direction	0	(40)	(40)	(40)	0		Achieved - costs will be passported to available funding.
CEOREC3	Learning Management System Implementation	0	(5)	(5)	(5)	0		Currently on target to be achieved.
CEOREC4	Removal of discretionary counselling sessions for staff	0	(0)	(0)	(0)	0		Currently on target to be achieved.
CEOREC5	Freezing of all Non-exempt posts	0	(17)	(17)	(17)	0		Currently on target to be achieved.
	CEO Totals	(39)	(65)	(104)	(104)	0		

Ref	Law & Governance	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance		Comment
		£000	£000	£000	£000	£000		
PG2	P&G income - The below proposals seek to increase income in Comms and Land Charges and a small software cost reduction in payroll.	(80)	0	(80)	(50)	30		Part achieved - Land charges income has been hit by the downturn in the economy so the original £20k saving will now not be achieved - although this has been part offset by other mitigating factors within the service. The payroll saving of £10k won't be fully found this year as the implementation of the new system is ongoing and not all savings will be realised.
F&Cs	Uplift in fees & charges not covered by a standalone mandate	(6)	0	(6)	(6)	0		Achievable - Services have uplifted fees as per 23-24 MTFP - if activity remains the same then saving will be achieved across directorate.
PGREC1	Use of capitalisation direction	0	(8)	(8)	(8)	0		Achieved - costs will be passported to available funding.
PGREC2	Reduce training spend	0	(3)	(3)	(3)	0		Currently on target to be achieved.
PGREC3	Freezing of all Non-exempt posts	0	(60)	(60)	(60)	0		Currently on target to be achieved.
	PG Totals	(86)	(71)	(157)	(127)	30		

Ref	Resources	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance		Comment
		£000	£000	£000	£000	£000		
RES8	Landlord services - Reduce Corporate Building (Reactive and Planned) Maintenance revenue budget	(300)	0	(300)	(300)	0		Achievable - budget will be monitored to ensure all qualifying repairs will be charged to the capital programme (where funding has been made available) - assume saving will be made in full.
RES24	Landlord services - To review the property estate and to explore options for further rationalisation	(215)	0	(215)	(100)	115		Latest assumption is that due to delays in decisions only £100k will be achievable this financial year.
RES12	ICT - Mobile Phone Contract Saving	(149)	0	(149)	(149)	0		Budget has been distributed to services

	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000		
RES19	Revenues, Systems & Exchequer - Remove budget earmarked for a discretionary business rate relief scheme	(126)	0	(126)	(126)	0		Achievable - budget has been removed.
RES2	Landlord services - Vacant development surveyor post being held - or funded by capital programme as required	(45)	0	(45)	(45)	0		Achievable - Post has been removed from structure.
RES14	SRS Contribution & PSBA Line Savings	(62)	0	(62)	(62)	0		Achievable - SRS contribution has been reduced in line with SRS figures, assume achievable.
F&Cs	Uplift in fees & charges not covered by a standalone mandate	(19)	0	(19)	(19)	0		Achievable - Services have uplifted fees as per 23-24 MTFP - if activity remains the same then saving will be achieved across directorate.
RES7	Landlord services - Explore alternative reception solutions at County Hall to remove front of house staffing needs	(19)	0	(19)	(19)	0		Achievable - Staffing reduction to kick in from July, saving should be achieved in full.
RES11	Digital Design & Innovation - Automate Starters & Leavers Process	(13)	0	(13)	(13)	0		Achievable - Awaiting SRS but assume it will be made in full.
RES23	ICT - Restructure of the Information Security and Technology Team	(13)	0	(13)	(13)	0		Achievable - adjustments to team structure have been made.
RES20	Revenues, Systems & Exchequer - Increase use of purchase cards to increase e-payment rebate	(10)	0	(10)	(10)	0		Achievable - The rebate for 2022/23 has been confirmed as £10,164.44.
RES21	Revenues, Systems & Exchequer - Reduce budget allocated for finance system upgrades	(10)	0	(10)	(10)	0		Achievable - System development costs will be managed in line with budget. Therefore barring any emergencies or unexpected costs, expect to achieve this saving.
RES22	Revenues, Systems & Exchequer - Shared Revenues & Benefits service potential savings through automation and increased use of self service facilities (Citizens Access).	(10)	0	(10)	(10)	0		Achievable - Expect to achieve this saving following changes to operating practices within the Shared Service
RESREC1	Curtail training spend	0	(4)	(4)	(4)	0		Achievable - all non essential spend will be stopped.
RESREC2	Curtail system development spend	0	(29)	(29)	(29)	0		Achievable - all non essential spend will be stopped.
RESREC3	Use of capitalisation direction	0	(9)	(9)	(9)	0		Achieved - costs will be passported to available funding.
RESREC4	Vacancy Freeze	0	(9)	(9)	(9)	0		Achievable - vacancy has been frozen.
RESREC5	Curtail Non-pay spend	0	(7)	(7)	(7)	0		Achievable - all non essential spend will be stopped.
RESREC6	One off Admin Grant & Ukraine grant	0	(40)	(40)	(40)	0		Achieved - grant has been received and used to offset core costs
RESREC7	Freezing of all Non-exempt posts	0	(46)	(46)	(46)	0		Achievable - vacancies have been frozen.
RESREC8	Agency support freeze	0	(8)	(8)	(8)	0		Achievable - Any further agency cover has been frozen.
RESREC9	Increase in income from commercial and community assets	0	(20)	(20)	(10)	10		Current M6 forecast figures only predict half of this will be found - although this could improve through to year end.
RESREC10	Investment Assets - Castlegate Business Park	0	(2)	(2)	(2)	0		Achievable
RESREC11	Investment Assets - Castlegate Business Park - Potential for Housing to relocate the storage for homelessness belongings from external supplier to units in Castlegate	0	(13)	(13)	(13)	0		Achievable - potential risk - discussions ongoing.
	Resources Totals	(991)	(187)	(1,178)	(1,053)	125		

Ref	Corporate Costs & Levies	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
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	Savings proposals by Directorate	Budgeted Saving	In year budget recovery	Total Saving / Recovery	Month 6 Forecast	Variance	% Met	Comment
		£000	£000	£000	£000	£000	£000	
		£000	£000	£000	£000	£000	£000	
Capex1	Extend capitalisation direction	(358)	0	(358)	(358)	0		Additional qualifying expenditure identified and will be funded via capital receipts as per budget
CORP2	Insurance - reduction in self insured costs and professional fees/ICT costs	(75)	0	(75)	(75)	0		Saving in professional fees/ICT costs to be achieved in full (£25k). Self insured costs (£50k saving) - This budget covers insurance excesses payable on claims I4or costs agreed outside of insurance and not met from the service (i.e. where costs in total fall below any excess). This is a highly volatile budget based on claims incidence and operating environment (i.e. adverse weather conditions). However long term trends have seen some modest reduction in costs payable and this trend is expected to continue through 2023/24.
	Corporate Costs & Levies Totals	(433)	0	(433)	(433)	0		

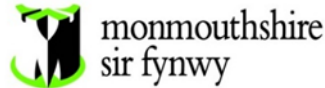
Capital Budget virements - External Grant & Section 106 Funded at Month 6, 2023-24

Under the current Council constitution any additions to the capital budget that are financed entirely by External Grant or Section 106 contributions can be approved by Cabinet.

The following budget revisions are proposed for inclusion in the Capital program for the financial year 2023/24:

INCLSCH	99206	Enable – Support for Independent Living WG grant	158,384
INCLUSION SCHEMES			158,384
INFTRAN	97393	LTF - Bus Stop Upgrades	660,000
INFRASTRUCTURE & TRANSPORT			660,000
OTHERSCH	99208	ATF - Caldicot Greenway	2,043,780
OTHERSCH	99213	ATF Core Llanfoist Bridge & Meadow Links	2,756,010
OTHERSCH	99219	ATF - Monmouth Wye AT Crossing	300,000
OTHERSCH	99220	ATF - Monmouth Kingswood Gate AFL	50,000
OTHERSCH	99237	WG – Resilient Roads Fund Grant	675,000
OTHERSCH	99251	ATF WFL Link to Town Centre	537,000
OTHERSCH	99252	ATF Castle Meadow Links	710,000
OTHERSCH	99253	ATF Bridge Connections	392,000
OTHERSCH	99266	ATF – Caldicot Education and Leisure Access	104,000
OTHERSCH	99267	ATF – Multiuser Route	517,180
OTHERSCH	99269	ATF – ATNM Dropped Kerbs and Quick Wins	100,000
OTHERSCH	99276	WG - Community Fridge Project	35,000
OTHERSCH	99282	Grant –Match Funding Support Usk Public Realm	25,000
OTHERSCH	99287	Disability – Toilet Enhancements ENVIRO AGENCY	17,200
OTHERSCH	99288	ATF - Abergavenny LDP Site Links	50,000
OTHERSCH	99290	Mardy Park Minor Works - ABUHB	100,000
OTHER SCHEMES			8,412,170
REGSCH	99289	Local Places for Nature	363,000
REGENERATION SCHEMES			363,000
SCHDEVSCH	98922	Capital Support for Learners with ALN	483,922
SCHDEVSCH	98923	Early Years – Childcare Capital Funding	380,000
SCHOOL DEVELOPMENT SCHEMES			863,922
S106	TBC	Ifton Manor, Rogiet	1,194
S106	TBC	Queens Development, Magor	9,614.50
S106	TBC	Cornwallis Way, Rockfield, Monmouth	45,895.50
S106	TBC	Station Road, Rogiet	4,809
S106	TBC	Little Mill	9,211
S106	TBC	Kensington Park, Magor	2,444
S106	TBC	Pen-y-val, Abergavenny	54,423
S106	TBC	Denny view, Caldicot	1,923
S106	TBC	Thornwell Farm, Chepstow	469
S106	TBC	Cadoc Close, Caerwent	4,912
S106	TBC	Gypsy Lane, Llanfoist	12,433
S106	TBC	Larchfield, Abergavenny	5,150
S106	TBC	Church Road, Caldicot	33,083
S106	TBC	Cae Meldon, Little Mill	18,143
Section 106 MAJOR MAINTENANCE SCHEMES			203,704
Budget Revisions at Month 6			10,661,180

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SUBJECT:	Asset Management Strategy and supporting policies
MEETING:	Performance and Overview Scrutiny Committee
DATE:	15th January 2024
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE

1.1 To seek receive pre-decision scrutiny on the 2023-2027 Asset Management Strategy and associated policies.

2. RECOMMENDATIONS:

2.1 That the committee conducts pre-decision scrutiny of the Asset Management Strategy and associated policies.

2.2 That the committee recommends approval of the Asset Management Strategy to Full Council.

3. KEY ISSUES:

3.1 The 2023-2027 Asset Management Strategy informs the way decisions and day-to-day management of MCC land and property is undertaken. It also establishes the supporting policy framework from which the strategy is implemented. The Asset Management Strategy is one of the Council's enabling strategies and supports the delivery of the Community and Corporate Plan.

3.2 The strategy reflects the strategic direction of the Council and establishes five core objectives for land and property:

- **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** – managing 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.

3.3 The Asset Management Strategy is supplemented by a number of supporting policy documents that provide the framework from which decision making is undertaken. The relevant policies, their purpose, and changes are as follows:

- **Community Asset Transfer Policy** – strengthening of the application process, eligibility, and award criteria. This will enable long leasehold or freeholder transfer of

community assets in circumstances where not-for-profit groups can provide community services.

- **Rental Concessionary Policy** – changes to improve the parity and monitoring of rental grant on MCC assets. This will afford community groups that occupy MCC property the ability to apply for rental grant, i.e. a reduction in the rent payable, if they can demonstrate clear community and local benefits as a result of this concession.
- **Disposal Policy** – clarity on the obligation to achieve best consideration, establishing a consistent approach to the disposal of surplus land and property that will maximise financial and social outcomes.

3.4 The strategy confirms the Investment Committee and Asset Investment Policy is to be moved into abeyance, with portfolio performance updates reported to the Performance & Overview Committee. Any new investment decisions are to be considered by Cabinet or Full Council via the established governance arrangements.

3.5 The Strategy introduces and updates governance arrangements from which the strategy will be implemented. This includes implementation of revised Capital and Accommodation Working Groups and new Service Asset Working Groups to assist service area property matters and transformation.

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

4.1 The Equality and Future Generations Evaluation Assessment can be found alongside this Covering Report. The Asset Management Strategy will:

- A greater alignment to the Community and Corporate Plan, supporting policy objectives including the repurposing of surplus assets to meet affordable housing needs, increase the availability of employment space, to assist to address socio-economic inequality.
- A fit for purpose asset portfolio that will be more accessible for all, in the heart of the communities they support.
- A responsible and future focused strategy that emphasises the importance of biodiversity and the commitment for lower carbon design.
- A more collaborative asset base that will work together with partners to reduce budget pressures, operational costs and drive efficiencies.
- Establish a more equitable and transparent approach to property decisions, such to support community facilities continue to deliver social value

5. OPTIONS APPRAISAL

5.1 An options appraisal has been undertaken in Table One below and can be summarised as follows:

Table One – Options Appraisal

Option	Positives	Negatives	Recommended?
Do nothing	The existing policies and strategy are sufficient to undertake the property management work.	An updated context, policy justification, etc. will not be captured. The strategy will not build on the previous Audit Wales recommendations and feedback on the 2017-22 strategy.	No

		<p>The strategy will not benefit from clear strategic direction and alignment to the Community and Corporate Plan</p> <p>Will results in inefficiencies in day-to-day management.</p> <p>Confusion for public and wasted efforts (CATs, Farming tenders, etc.)</p>	
Adopt new Asset Management Strategy	<p>Alignment of strategy with Community and Corporate Plan.</p> <p>Clearer decision-making framework.</p> <p>Updated legislation and practice advice.</p>	None	Yes

6. EVALUATION CRITERIA

- 6.1 The Asset Management Strategy's actions and performance framework is supported by an Asset Management Plan. The Asset Management Plan is updated annually and includes the performance framework and risks, which will be updated to reflect the priorities.

7. REASONS

- 7.1 The Asset Management Strategy is to be updated to reflect the Community and Corporate Plan.
- 7.2 The Council has a necessity to continue to reduce running costs, promote integrated hubs and co-location. It has several policy objectives (tackling homelessness, development of affordable housing, revenue generation, community empowerment) which the strategy will support.

8. RESOURCE IMPLICATIONS

- 8.1 The Asset Management Strategy provides the decision-making framework and governance arrangements for the Council's land and property assets. The supporting policies of the Asset Management Strategy, namely the Rental Concessionary Policy, Disposal Policy and Community Asset Transfer Policy, all impact the revenue and capital value received from the management of assets.
- 8.2 Informed by the Asset Management Strategy, individual decisions around the acquisition, disposal or sale of the Council's land and property assets will be accommodated as part of the Council's annual budget setting process or on a case by case basis in accordance with the constitution.

- 8.3 The core principles of the Asset Management Strategy acknowledge the necessity to ensure our assets are fit for purpose and generating a financial or non-financial value. In circumstances where such value is not being achieved, consideration should be given to rationalisation and/or disposal of assets such to ensure delivery of the policy objectives captured within the Asset Management Strategy and associated Asset Management Plan.
- 8.4 The Landlord Services department will carry responsibility for the strategy's implementation. The strategy is supported by an Asset Management Plan, which contains the actions arising from the strategy (live and proposed) and will be updated annually.

9. CONSULTEES

Cabinet

Senior Leadership Team

Landlord Services (Estates and Property Services)

Head of Finance

Legal Services

Communities and Place DMT

Resources DMT

The strategy has been formulated reflecting on examples of best practice, previous Audit Wales and Springing Forward reviews.

10. BACKGROUND PAPERS:

Asset Management Strategy

Appendix 1 – Asset Management Plan

Appendix 2 – Rental Concessionary Policy

Appendix 3 – Community Asset Transfer

Appendix 4 – Disposal Strategy

11. AUTHORS:

Nicholas Keyse – Acting Head of Landlord Services

12. CONTACT DETAILS:

nicholaskeyse@monmouthshire.gov.uk



<p>Name of the Officer completing the evaluation Nicholas Keyse</p> <p>Phone no: 01633 6444773 Email: nicholaskeyse@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal Asset Management Strategy and supporting policies.</p> <p>The Asset Management Strategy provides the framework from which management of land and property is undertaken.</p>
<p>Name of Service area Landlord Services</p>	<p>Date 18th January 2024</p>

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The strategy will affect people of all ages as it relates to all property. Much of the operational estate is used to improve the well-being of all ages. The strategy will directly impact the provision of accommodation in Monmouthshire, such as the availability of social housing, housing associated with all ages and protected characteristics.	No negative impacts identified. The protected characteristics will be considered when taking any undertaking property decisions.	The Asset Management Strategy establishes the short and long-term objectives which will inform strategic decision making for the council's land and property. Any positive or negative impacts to these characteristics will be updated accordingly and at the point of any future Cabinet or Council decisions.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Disability	The Asset Management Strategy reiterates the importance of having fit for purpose assets that are accessible to all. We will continue to support services in ensuring our assets meet the required standards for their user's requirements.	As above	As above
Gender reassignment	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above
Marriage or civil partnership	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above
Pregnancy or maternity	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above
Race	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above

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?
Religion or Belief	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above
Sex	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	As above	As above
Sexual Orientation	Equality and fairness for all characteristics and residents will be reflected in the decision making for any asset informed by this strategic document.	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	<p>The strategy will assist to address social inequality, including through the development of affordable housing and acquisition and/or repurposing of surplus assets to address the availability of homelessness accommodation. Landlord Services will continue to support the Social Services in the provision of improved facilities to support individuals within their care. This will assist to address issues of poverty, affordability, and access to services. Value will continue to be applied to the employment opportunities and apprenticeships schemes when undertaking development schemes (directly or indirectly through disposal of surplus assets).</p>	<p>There are no negative impacts associated with this proposal.</p>	<p>The opportunities to repurpose assets or invest to address policy objectives will continue to be assessed on their individual merits. The Asset Management Plan will carry an ongoing action relating to homelessness accommodation and collaborating with partners to undertake preventative action where the asset portfolio allows.</p>
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3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language, no less favourably	Opportunities to promote the Welsh language will continue to feature in the design decisions of new development schemes.	There are no negative impacts associated with this proposal.	N/A
Operational Recruitment & Training of workforce	Neutral impact. The strategy does not stipulate changes to any staffing structure however we will continue to encourage the appointment of Welsh Language speakers when recruiting and offer staff training wherever possible.	There are no negative impacts associated with this proposal.	N/A
Service delivery Use of Welsh language in service delivery Promoting use of the language	Landlord Services will continue to utilise the website to advertise lettings or disposal opportunities in English and Welsh.	There are no negative impacts associated with this proposal.	N/A



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



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>Positive: The Asset Management Strategy will drive efficiencies in the way we deal with property matters, making for more effective use of our assets. The AMS will continue to support policy objectives relating to job creation, maximising the availability of employment space within the portfolio.</p> <p>Negative: None</p>	<p>Landlord Services already support colleagues in Housing and Social Care to acquire and refurbish properties to deliver their service objectives. This will continue to feature in the Asset Management Plan.</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g., climate change)</p>	<p>Positive: One of the AMS core objectives is operating as good role models for climate and nature practices. We will continue to action opportunities to lower our carbon footprint and promote more sustainable practices wherever possible. The AMS commits to utilise renewable technology and energy efficiency solutions on MCC assets where technically possible and viable, including incorporating carbon sequestration in new build design and decision making.</p> <p>Negative: N/A</p>	<p>When undertaking maintenance repair or replacement activity on Council assets, we will continue to feature whole life costings and carbon performance within our decision making.</p>


Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A healthier Wales People's physical and mental wellbeing is maximized, and health impacts are understood</p>	<p>Positive: The AMS emphasises the importance of collaborating with community assets to optimise social value and outputs. This includes the availability of important recreation and community facilities that occupy MCC land or property. MCC will continue to explore ways of enhancing this provision, such as has been achieved via the Magor and Undy Community Hub project. Negative: N/A</p>	<p>Green infrastructure and active travel will continue to be supported, either through the repurposing of land or as part of the design considerations of any new schemes, improving the access to healthier and more carbon friendly means of travel.</p>
<p>A Wales of cohesive communities Communities are attractive, viable, safe, and well connected</p>	<p>Positive: The AMS and its supporting policies clarify the requirements for community groups and not-for-profit organisations to occupy MCC assets, including eligibility and application for rental concessions and community asset transfers. This will assist MCC to continue to ensure these assets are being fully supported and achieving the desired outputs. It's core objective around a maximised estate will increase the availability for inward investment where voids are identified in the commercial portfolio. Negative: N/A</p>	<p>Landlord Services will continue to engage with occupiers of community assets to ensure the policies are being appropriately accessed and monitored accordingly. The AMS will improve the pathway by which community groups can explore opportunities for community initiatives on MCC land/property, including the support of colleagues in Communities and Place when formulating a business case or expression of interest in Community Asset Transfer.</p>
<p>A globally responsible Wales Taking account of impact on global well-being when considering local</p>	<p>Positive: Property decisions will be taken with the climate and nature impact/opportunity featuring firmly in its</p>	<p>We will continue to take a duty of care as a responsible landlord/property owner to identify those assets worst performing from</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
social, economic, and environmental wellbeing	<p>decision making. We will seek to deliver practical and cost-effective examples of low carbon measures to reduce the council's running costs and reduce its carbon footprint.</p> <p>Negative: N/A</p>	<p>an energy perspective and consider the required investment or alternative use to mitigate this impact. We will continue to increase access to community growing and allotment facilities, working with town and community councils to reduce waiting lists and increase the availability of growing opportunities.</p>
<p>A Wales of vibrant culture and thriving Welsh language Culture, heritage, and Welsh language are promoted and protected. People are encouraged to do sport, art, and recreation</p>	<p>Positive: The asset portfolio will continue to use and promote the Welsh language, including at reception facilities in our corporate buildings and on signage within our operational buildings and spaces.</p> <p>Negative: N/A</p>	N/A
<p>A more equal Wales People can fulfil their potential no matter what their background or circumstances</p>	<p>Positive: The AMS will ensure our buildings are being optimised, appropriate for staff and service users, with partnership as a core principle and an ability to evolve to the service demand. This will include ensuring they are appropriately accessible to all, in the right locations and best meeting current and future need.</p> <p>Negative: N/A</p>	<p>The AMS will continue to promote joint working and service co-location wherever the creation of integrated hubs can enhance service delivery, life-long learning and educational experiences. Service asset plans and a strategic mapping exercise undertaken with directorate leaders to review existing accommodation and if they accessible to meet the requirements of their users.</p>

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term future</p> <p>Balancing short term need with long term and planning for the</p>	<p>The AMS introduces alignment of the policy objectives of the Community and Corporate Plan with the strategic direction of the land and property estate. This core principles of the AMS reflects both the immediate objectives and long-term considerations of the portfolio, including whole life costs, the commitment towards net zero, and the necessity to reduce running costs whilst increasing revenue and capital generation.</p>	<p>The Asset Management Plan will be reviewed annually to ensure it aligns to the immediate priorities of the organisation, however it's performance indicators and actions will be inclusive of several long-term objectives.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The AMS targets a collaborative and maximised land and property portfolio within its core principles. The strategy establishes the framework from which day-to-day property management decisions can be taken to continue to strengthen the relationships between MCC and existing community partners and occupiers. This includes partnerships that facilitate opportunities to reduce budget pressures, MCC's operational costs and where service delivery can be improved.</p>	<p>MCC already benefits from strong working relationships with Housing Associations, the Health Board, Gwent Police and Town/Community Councils. We will continue to work with these partners to deliver the objectives of the Asset Management Strategy.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The Asset Management Strategy has been formulated through a combination of professional advice (from RICS-qualified surveyors) and engaged with directorate leads and service providers. The supporting policy changes are informed by experiences with tenants of community buildings and the ambition to improve the efficiency of our property and asset management.</p> <p>The Asset Management Plan will enable the success of this strategy and its engagement (from partners, community groups, MCC colleagues, etc.) to be monitored and reviewed.</p>	<p>Landlord Services will continue to engage with our tenants and occupiers of community assets to communicate the implementation of these policies. We continue to reflect on these proposed changes in our engagement on live matters, including during the negotiation of lease renewals or extensions.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The Asset Management Strategy will clarify the strategic direction of property assets and establish a clear policy framework that will inform property recommendations and decisions. The core objectives will provide greater clarity on the decision making and governance arrangements, such to drive efficiencies and maximise the use of resources. This includes the use of vacant accommodation within the portfolio to offset the need for more expensive or inappropriate temporary accommodation with the associated expenditure.</p>	<p>To continue to enhance the availability of data to inform strategic decisions, a new asset management system is being designed and procured. This will replace the existing property management system and seek to improve the availability of property data across directorates.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p data-bbox="237 555 376 587">Integration</p> <p data-bbox="203 603 528 746">Considering impact on all wellbeing goals together and on other bodies</p>	<p data-bbox="589 312 1294 603">The Asset Management Strategy reflects the working principles set out in the guidance for compliance with the Well-Being of Future Generations Act. The core objectives will asset the Council's land and property to contribute to well-being goals, including making sure the decision making is considering long term impact alongside any immediate or short-term decisions.</p>	<p data-bbox="1335 312 1391 336">N/A</p>

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

	Describe any positive impacts your proposal has	Describe any negative impacts your proposal has	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	The Asset Management Strategy will support services with direct responsibility for safeguarding our residents, including through the provision of safe and secure accommodation.	None.	N/A
Corporate Parenting	The Asset Management Strategy will support Corporate Parenting through the implementation of the actions within the Asset Management Plan.	None.	N/A

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

The Asset Management Strategy has been formulated through engagement and workshops with Cabinet Members, Senior Leadership Team and service managers in different directorates and support services. This strategy has also been informed by overlapping strategies including the Decarbonisation Strategy and the Economy, Employment and Skills Strategy. This has assisted in collating information on the service priorities, their experiences with assets and property requirements, as well as an opportunity to communicate the required governance around property decisions, management and occupation. The strategy’s contents have also been informed by the findings of Welsh Government’s Springing Forward Review, Audit Wales’ capital monitoring review and Audit Wales’ review of the 2017-22 AMS. The strategy is aided by relevant guidance from the Royal Institution of Chartered Surveyor’s (RICS) and legislation such as Section 123 of the Local Government Act 1972 and the General Disposal Consent (Wales) Order 2003.

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 -

The positive impacts of this proposal are:

- A greater alignment to the Community and Corporate Plan, supporting policy objectives including the repurposing of surplus assets to meet affordable housing needs, increase the availability of employment space, to assist to address socio-economic inequality.
- A fit for purpose asset portfolio that will be more accessible for all, in the heart of the communities they support.
- A responsible and future focused strategy that emphasises the importance of biodiversity and the commitment for lower carbon design.
- A more collaborative asset base that will work together with partners to reduce budget pressures, operational costs and drive efficiencies.
- Establish a more equitable and transparent approach to property decisions, such to support community facilities continue to deliver social value

Negative

None identified.

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
Implementation of the strategy and its associated actions. The Asset Management Plan will be updated annually to reflect the Council's priorities.	On-going.	Head of Landlord Services.

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.	Governance and Audit Committee	11 th January 2024	
2.	Performance and Overview Committee	15 th January 2024	
3.	Full Council	18 th January 2024	



MONMOUTHSHIRE COUNTY COUNCIL

ASSET MANAGEMENT STRATEGY 2023-2027



TABLE OF CONTENTS

Table of Contents

FOREWORD	3
EXECUTIVE SUMMARY	4
INTRODUCTION	6
WHAT IS 'ASSET MANAGEMENT'?	7
CONSULTATION	8
NATIONAL CONTEXT	9
LOCAL CONTEXT	10
COMMUNITY AND CORPORATE PLAN	10
STRUCTURE OF THE ASSET MANAGEMENT STRATEGY	13
STRATEGIC PURPOSE	16
PORTFOLIO	23
COMMERCIAL ASSET INVESTMENTS	24
CASTLEGATE BUSINESS PARK	24
NEWPORT LEISURE PARK	25
INVESTMENT ASSETS	25
COMMERCIAL, RETAIL AND OFFICE ASSETS	26
INDUSTRIAL UNITS	28
COUNTY FARMS	28
OPERATIONAL PROPERTIES	31
COMMUNITY ASSETS	33
MISCELLANEOUS	34
PERFORMANCE FRAMEWORK	37
POLICIES	39
COMMUNITY ASSET TRANSFER POLICY	39
RENTAL CONCESSIONARY POLICY	40
DISPOSAL POLICY	41
PROCESSES - THE 'HOW TO'	43
Appendix 1 – Asset Management Plan	0
Appendix 2 - Rental Concessionary Policy	7
Appendix 3 - Community Asset Transfer Policy	10
Appendix 4 - Disposal Policy	19



FOREWORD

I am pleased to present our Council's Strategic Asset Management Strategy. Asset Management is the function which Monmouthshire County Council (MCC) uses our land and property. Our Asset Management Strategy reflects the objectives of our Community and Corporate Plan, our response to budget pressures and increasing demands on services. It is necessary to improve our operational efficiency and financial performance. Our strategy will help to achieve this.

A well-managed, understood and maintained portfolio is a reflection of a modern and well-run local authority. It provides the physical asset from which good value and a positive contribution towards service delivery is achieved. This strategy will establish a long-term, sustainable strategy for our assets based on a thorough assessment of needs and benefits, supported by clear performance framework, embedded governance arrangements, and informed by proactive engagement with key internal stakeholders.

This Asset Management Strategy will seek to provide our Council with:

- Clearer strategic direction for property assets
- Clearer operational property management parameters
- A clear policy framework to inform property decisions
- A better understanding of our portfolio
- An annually reviewed action plan to monitor progress
- A better co-ordinated property function



Councillor Garrick

Cabinet Member for Resources

EXECUTIVE SUMMARY

The 2023-27 Asset Management Strategy 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.

This report provides the local and national context that informs property management decisions, including alignment to the Community and Corporate Plan. It is informed by the climate and nature emergency declaration, budget pressures and a necessity to reduce operating costs, and a desire to streamline services with increased asset collaboration. The strategy will look to stimulate regeneration, creating jobs and employment space, develop affordable housing, generate revenue, and support communities and the facilities within them.

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.

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.

Asset Type	No. of assets
Play Areas and Open Space	362
Acquired Investment Assets	3
Commercial and Industrial Sites	62
Educational premises (primary, secondary, nursery)	46
Leisure, Tourism and Heritage Assets	17
Car Parks	43
Allotments	4
Social Care and health premises/facilities	7
Cemeteries	4
County Farms (farms, grazing land, cottages)	90
Community Assets	49
Operational assets (hubs, depots, offices)	38
Public Conveniences	17

The Asset Management Strategy establishes the policy arrangements that will support the strategies objectives. This includes:

- **Community Asset Transfer Policy** – this will enable long leasehold or freeholder transfer of community assets in circumstances where not-for-profit groups can provide community services.
- **Rental Concessionary Policy** – this will afford community groups that occupy MCC property the ability to apply for rental grant, i.e. a reduction in the rent payable, if they can demonstrate clear community and local benefits as a result of this concession.
- **Disposal Policy** – this will establish a consistent approach to the disposal of surplus land and property, clarifying how the council will achieve its requirements for best consideration.

The Asset Management Strategy confirms the governance arrangements and structure that supports the day-to-day management of MCC land and property. Under the Asset Management Strategy, Landlord Services will manage, lease/let, acquire or dispose, maintain and support MCC assets. This will add both financial and non-financial value to the organisation. The strategy reaffirms the following working groups:

- **Landlord Services and the Landlord Services DMT** – the structure of the department and responsibility to manage the implementation of the strategy, the day-to-day operation and undertaking the actions.
- **Capital and Accommodation Working Groups** – established to consider capital pressures and accommodation decisions across directorates, with membership of officers from Estates, Property Services, Legal Services and Finance.
- **Service Asset Working Groups** – tasked with the creation of service asset plans, establishing working groups that can support property considerations in service transformation.

The Asset Management Strategy is supported by an action plan (the Asset Management Plan) and a performance framework. The performance of the assets is reported via the budget process and monitoring. The Plan will be reviewed annually to monitor progress of the plan against these core objectives.

The AMS enables efficient management of our land and property, in a way that will improve our outputs and impacts (financial and social value) whilst being affordable, sustainable and achievable.

INTRODUCTION

MCC benefits from a diverse land and property portfolio that has delivered a commercial return over a number of years. The portfolio has supported communities through the availability and use of its assets. MCC's allocated sites in the 2011-2021 Local Development Plan (LDP) have been sold or developed, and new development opportunities are being sought in the new Replacement Local Development Plan that will support the delivery of policy aspirations (housing, job creation, tourism, renewable technologies).

MCC benefits from strong relationships with public bodies (e.g. Gwent Police, Natural Resources Wales, Social Landlords) and development partners that have enabled development schemes in the county. Despite the challenges of the pandemic, MCC's investment and commercial portfolio remains well occupied and in good demand. Work is to be done to strengthen the internal relationships and discipline around property management and interaction through the organisation.

The Asset Management Strategy is one of the Council's enabling strategies. It sets out the strategic direction for property management for the Council's administrative cycle (2022-2027). The strategy assists in driving change in local government, enabling flexible operations (to adjust to pressures and service demands) whilst providing a clear vision of the future of property assets and management of their strategic performance. The Asset Management Strategy is impacted by and supportive of MCC's enabling strategies (procurement, digital, financial, etc).

WHAT IS 'ASSET MANAGEMENT'?

The Royal Institution of Chartered Surveyors (RICS) defines strategic asset management as “the activity of aligning property assets with the strategic aims and direction of the organisation and adding both financial and non-financial value to the organisation as a result”¹.

Asset Management is a strategic function with responsibility for ensuring property performs coherently to an agreed set of goals. Under the Asset Management Strategy, Landlord Services will manage, lease/let, acquire or dispose, maintain and support MCC assets. This will add both financial and non-financial value to the organisation.

The principle aims of strategic asset management are:

- Clarity on the strategic direction for property assets.
- A better understanding of our portfolio
- Clearer operational property management parameters
- A clear policy framework to inform property decisions
- An annually reviewed action plan to monitor progress
- A better co-ordinated property function

The Asset Management Strategy is the strategic planning document that establishes the suite of policies and policy positions. It provides clarity on the decision making and governance. It establishes the process by which activity is undertaken and collaboration achieved within and between organisations, with an agreed framework for measuring performance.

¹ *Strategic Public Sector Property Asset Management. RICS Practice information, global, 3rd edition, October 2022*

CONSULTATION

Critical to the success of any Asset Management Strategy is the engagement and support of property users and occupiers. In formulating this strategy, engagement and workshops have taken place with the Cabinet members, the Senior Leadership Team and service managers in different directorates and support services. This strategy has also been informed by the formulation of overlapping strategies including the Decarbonisation Strategy and Economy, Employment and Skills Strategy. All stakeholders have been asked to comment on:

- *What does a modern, innovative and well-run land and property portfolio look like to you?*
- *What is the purpose of your area of the property portfolio? i.e. “what is it for” and “what are the desired outcomes”?*
- *What is your service objective and how does it relate to land and property?*

This has assisted in collating information on the service priorities, their experiences with assets and property requirements, as well as an opportunity to communicate the required governance around property decisions, management and occupation. The intel from those engagement sessions has informed the basis of this strategy. It is for that reason that this is a Council strategy, rather than only a property strategy, with shared ownership to drive effectiveness.

The strategy’s contents have also been informed by the findings of Welsh Government’s Springing Forward Review, Audit Wales’ capital monitoring review and Audit Wales review of the 2017-2022 AMS. The latter review acknowledged that MCC had ‘a good understanding of its assets’, however it ‘lacks a strategic approach and effective information technology to support the management of its assets’. The review recommended that MCC develop short, medium and long term performance indicators, an IT asset management system that was more comprehensive and a strategy with clear embedded governance arrangements. This strategy seeks to build on this feedback.

NATIONAL CONTEXT

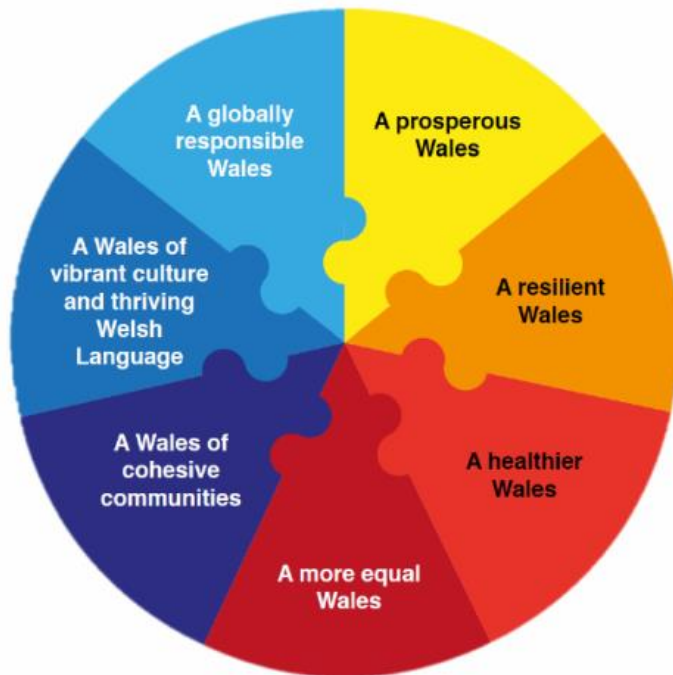


Figure 1: The Well-Being goals for the Future Generations Act

The Well-Being of Future Generations Act is the fundamental legislation that informs the development of Council policy. It ensures present needs are met without compromising the ability of future generations to meet their own needs. The Asset Management Strategy will reflect the working principles set out in the guidance for compliance with the Well-Being of Future Generations Act. The seven well-being goals for the Act are shown in the diagram under Figure 1. The Asset Management Strategy contributes to MCC's alignment to

the seven national objectives.

Nationally, climate change continues to be a catalyst of asset management transformation. The operational efficiency of buildings, coupled with low carbon commitments and a necessity for strategic decisions to be taken around the reduction of operating costs, has a direct impact on the national approach to strategic asset management. There is a necessity to identify opportunities to commercialise property portfolios where possible. The streamlining of services and movement to new models of service delivery have increased the need for asset collaboration and sharing of budgets and resources. There is a national need to stimulate regeneration and halt or reverse the decline of town centres. Property managers are being tasked with creating a more agile or dynamic operating model which enables the property function and asset base to respond to some of these shared challenges. It is critical that the asset base itself remains flexible, considerate of whole life costs (not a short-term approach to strategic decisions) and achieving better environmental outcomes.

LOCAL CONTEXT

Monmouthshire is made up of diverse communities covering an area of 880 square kilometres, with a population of 93,000 and a low population density of 1.1 people per hectare. The county benefits from a wide range of community groups, and one of the strongest economies in Wales. It is well placed for growth with circa 4,500 active businesses (2022) ranging from international companies to small family enterprises. A number of these community groups and businesses are supported through the council’s property estate. Monmouthshire has the highest house prices in Wales averaging £382,000 (Hometrack, December 2022), more than 9 times average earnings. This has contributed towards higher-than-average land values, impacting the level of development achieved in county, as well as the capital receipts generated from disposal of development sites.

COMMUNITY AND CORPORATE PLAN

An effective asset management framework has clear alignment with that of the organisational culture and that of the Community and Corporate Plan (C&CP). Monmouthshire’s Community and Corporate Plan sets the direction for the council and county of Monmouthshire, articulating the authority’s purpose and prioritising alongside the steps we will take to deliver these and the measures that will be used to track progress. The core purpose of the Community and Corporate Plan is “to become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life”. The Asset Management Strategy will operate as one of a number of key enabling strategies to be approved by Cabinet and Full Council, that supports the delivery of the Community and Corporate Plan. The objectives of the C&CP are illustrated below:



Figure 2: The Community and Corporate Plan Objectives.

In addition to the above, MCC is motivated by a series of core values, all of which inform the contents and formulation of the Asset Management Strategy:



Figure 3: Monmouthshire County Councils Core Values

The Asset Management Strategy bridges the gap between corporate vision and the asset portfolio, management and performance. The Community and Corporate Plan describes objectives that this strategy will seek to support, including the reduction in reliance of temporary homelessness accommodation, increase in availability of affordable housing, creating a thriving and ambitious place to redevelop town centres and facilitating investment to attract more people to the towns. The asset management strategy will also in part support aspirations around the improvement of river health, more sustainable agricultural practices, and reducing the LA's carbon footprint. The Asset Management Strategy sets out how MCC will manage and develop its assets in accordance with this national and local context. The strategy goes beyond what the Council owns. It's about the focus of the organisation, its aspirations and how the portfolio will support those initiatives and outcomes.

Monmouthshire County Council's asset base continues to be impacted by the same issues facing local authorities. The changes to working practices in post-pandemic markets (i.e. an increased movement towards agile working), the climate crisis and increases in digital solutions/innovation are changing the approach to asset management and associated strategies. It's critical that a flexible approach is taken to day-to-day management of assets to respond to service demand.

The Medium-Term Financial Plan and approved 2022-23 Budget acknowledges a necessity to reduce revenue and capital spend in response to budget pressures and overspends. It is critical to enhance income generation opportunities where possible, continue to commercialise the asset base and with due consideration for the climate emergency and carbon agenda. In accordance with the existing Asset Management Strategy, the property management functions have continued to operate in accordance with this strategy. In the 2022/23 financial year, long standing commitments around community enablement, such as the BREEAM 'Excellent' rated Magor and Undy Community Hub (MUCH) has been constructed, as well as continued development of the exemplar 'dementia care' scheme of Severn View Parc Care Home in Caldicot.



Figure 4: MUCH Project – Magor & Undy Community Hub

MCC's strategic residential candidate sites in the existing Local Development Plan have been sold and are under construction, contributing more than £15,000,000 of capital receipts to the Council's 21st Century School's programme, as well as facilitating Section 106 contributions to support Adult Recreation and other initiatives.

The Replacement Local Development Plan 2022-2032 (RLDP) is being formulated, with the Preferred Strategy shortly open for public consultation. The RLDP will identify land within the county which may be suitable for different types of development, and the Preferred Strategy will establish the preferred level of growth (housing and employment) as well as the strategic site allocations and policies to implement the strategy. As part of the Stage 1 and Stage 2 Call for Candidate Sites, 9 sites were promoted on MCC land for a range of uses such as residential and commercial development, tourism, renewable technology, etc.

Any RLDP land allocations within MCC ownership present an opportunity for MCC to meet a range of objectives including bring forward housing development, inclusive of a high percentage of affordable homes and with net zero carbon design.

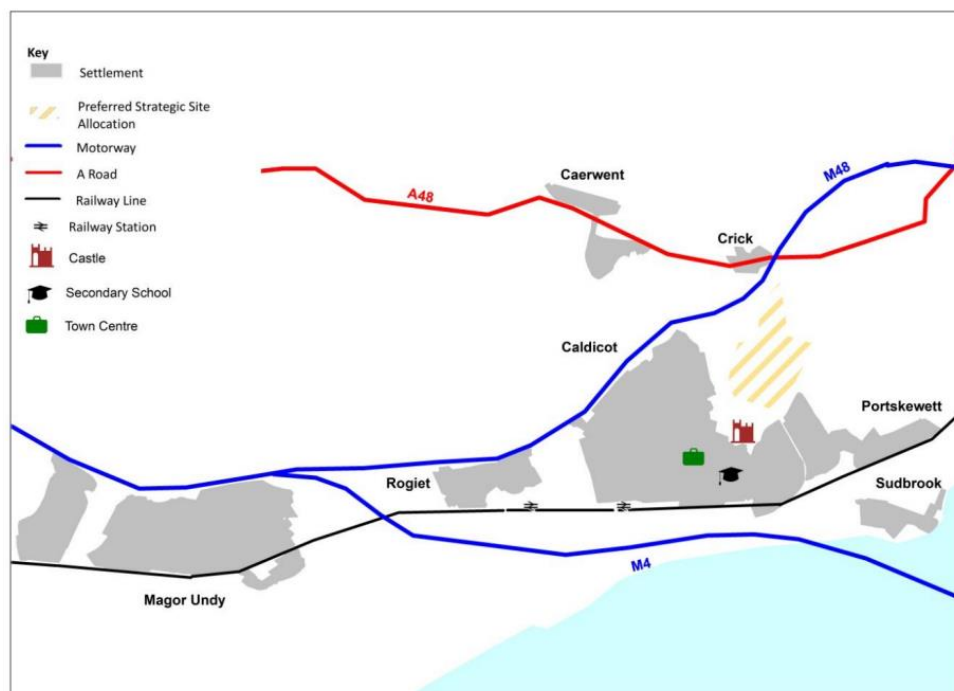


Figure 5 - RLDP Preferred Strategy Update Sept 2023 – 'East of Caldicot' MCC Strategic Site

Despite the shared and clear economic challenges facing the county, Monmouthshire remains well placed as the 'gateway' to Wales for potential inward investment and development. There is a strong demand for residential and commercial development and our economy continues to perform to its maximum capability. Investment is required to satisfy the latent demand for employment and residential accommodation. A diverse range of community groups and proactive volunteers exist within our communities, which the property estate helps to support and enable. The Asset Management Strategy will acknowledge this context in the formulation of its strategic purpose and Asset Management Plan.

STRUCTURE OF THE ASSET MANAGEMENT STRATEGY

MCC's Asset Management Strategy (AMS) reflects and details the alignment of our property assets with the strategic aims and direction of the organisation. The principal intention of the AMS is to establish a high-level summary of those assets in our ownership, their purpose, the processes and systems that govern them, and the cultural and financial context within which they are operated. The AMS outlines an understanding of how we intend to optimise and maximise our assets, including clarity on a direction of travel for property managers and users with sufficient flexibility to adapt to a changing environment and market. The AMS enables efficient management of our land and property, in a way that will improve our outputs and impacts (financial and social value) whilst being affordable, sustainable and achievable.

In order to clearly demonstrate the contexts and intended outcomes of the Asset Management Strategy, the following structure has been applied:

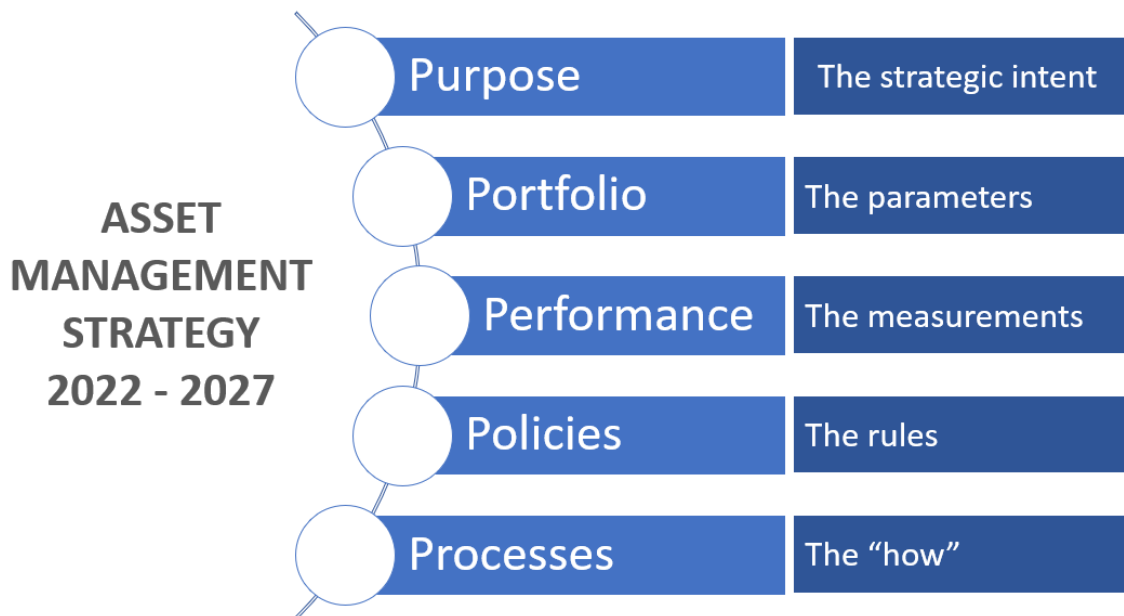


Figure 6 - Asset Management Strategy structure

The structure above will provide the framework within which strategic decisions will be taken going forward. This will ensure parity is achieved, and assets managed consistently and equitably, with the required flexibility to adjust the pressures of modern local government.

STRUCTURE AND STRATEGY

The appendices of the Asset Management Strategy will include the Asset Management Plan (or Action Plan) which will set out the actions outlined in the Asset Management Strategy document. The Asset Management Plan will be updated annually to assess and track performance. The appendices will also include each of the supporting policies relevant to the management of the Council's asset portfolio, as outlined in the 'Policies' section of the Asset Management Strategy and Appendices 1 to 5. Figure 7 illustrates this structure:



Figure 7: Asset Management Strategy structure.

PURPOSE

STRATEGIC PURPOSE

In order to manage the portfolio in such a way that best meets the needs of the organisation, it is critical that clear strategic intent is established. Reflecting on the objectives of the Community and Corporate Plan, and with acknowledgement of those objectives in an asset or property context, five core objectives have been established to inform the strategic direction of MCC's Asset Management Strategy:



Figure 8: Strategic Purpose - Five Core Objectives

The strategic aspiration is to develop a land and property portfolio that is able to meet the five core objectives. To achieve these objectives there are a series of behaviours that need to be exhibited in relation to the portfolio. Sometimes acknowledging there will be circumstances where these aspirations appear to be in conflict. Maintaining a balance between these objectives will be critical to ensuring the desired outcomes are achieved, at speed and in the most efficient way possible. These objectives will assist in ensuring the organisation can operate a 'best run, best value' property portfolio with measurable outcomes:

Objective: Fit for purpose and collaborative estate

A land and property portfolio that is optimised, appropriate for service providers and users, and has partnership as a core principle, constantly evolving to respond to asset and service demand:

BEHAVIOUR

Work with directorates to determine whether the spaces they occupy remain fit for purpose, in the right places, accessible and best meeting current and future service needs, in order to continue to deliver the preventative benefit of services located in the heart of their communities.

Promote joint working and service co-location wherever the creation of integrated hubs can enhance service delivery, life-long learning, and educational experiences.

Continue to ensure compliance with statutory health and safety requirements (legionella, fire, etc.), addressing critical maintenance issues or risks proactively.

Utilise improved access to data to inform the planned maintenance programme, ensuring critical maintenance is undertaken on those buildings most requiring investment, and better forecast spend for reactive maintenance.

Develop service asset plans and undertake a strategic mapping exercise with directorate leaders to review existing accommodation, identify opportunities to collaborate with partners, and any regional provision or unmet demand the asset base could support.

Collaborate with partners (Gwent Police, Health Board, Eliminate Team, RSL's) to generate fees, reduce budget pressures, operational costs and where service delivery can be improved.

Support the use of assets for preventative work, such as supporting Housing in the creation and repurposing of property to support temporary, supported and permanent housing accommodation.



Figure 10 - Gwent Police HQ, design and supported by Property Services



Figure 9 - Abergavenny Hub

Objective: Good role models for climate and nature practices

A land and property portfolio which takes decisions which set good practice for climate and nature, demonstrating practical examples that can be replicated by partners and the private sector:

BEHAVIOUR

Manage farms in a way that promotes sustainable agricultural practices. Continue to apply value to the strengthening of local supply chains and engage with farming tenants around opportunities for small scale horticulture opportunities or diversification.

Utilise renewable technology and energy efficiency on council land and property where technically possible and will derive best carbon benefit, incorporating carbon sequestration in new build design and re-design decision making.

Support the roll out of ReFit, EV charging and implementation of the Decarbonisation Strategy, future proofing services and lowering long-term running costs through the commitment to deliver net zero or low carbon initiatives as part of planned maintenance replacement, and at the design stage of new build development projects and property refurbishment.

Continue to partner with other stakeholders (NRW, Farming Connect, etc.) to strengthen the tenant base knowledge of water management practices and understanding of flood management principles, contributing to address the nature emergency and rivers and oceans action plan.

Continue to feature green infrastructure and active travel prominently in the design considerations of all new schemes, developed directly by MCC or indirectly through disposal.

Take a duty of care as a responsible landlord to identify those worst performing assets from an energy perspective and consider the required investment or alternative use.

Increase access to community growing and allotment facilities, working with town and community councils to reduce waiting lists and increase the availability of growing opportunities.



Figure 11 - Wallstones Farm



Figure 12 - 3-19 Abergavenny build

Objective: Maximised and commercialised asset base

A land and property portfolio that is financially responsible, operating viably and sustainably in a way that best achieves its intended outcomes:

BEHAVIOUR

Strengthen occupancy in buildings we need, and closing those that we don't. Continue to re-let, dispose or repurpose surplus assets or property with void space. Reduce operational costs and therefore the ongoing maintenance liability wherever possible.

Continue to review the performance of the investment estate and commercial portfolio, taking decisions that enable us to maximise the receipts and financial return, balancing the desire for financial return with demonstratable social and economic benefits (job creation, new employment space, business growth, etc.)

Reassess capital projects and pressures, supported by appropriate governance arrangements and with clear alignment to council objectives.

When land or property is identified as surplus, ensure best financial and social value is achieved wherever possible.

Improve the sharing of property data to inform strategic thinking and alignment of enabling policies, whether supporting Economic Development through job creation and the increased availability of employment space, or Regeneration through town centre intervention.

Minimise vacant space within the investment portfolio, reducing rental arrears wherever possible and generate returns through the implementation of rent reviews, lease renewals or redevelopment where appropriate.

Ensure best financial and social consideration is achieved from capital receipts through the rationalisation, sale and development of surplus council assets.



Figure 13 - Monmouth Market Hall



Figure 14 - Castlegate Business Park

Objective: Strengthen the enablement role of Landlord Services

A land and property function (Landlord Services) which supports and enables services delivery, improving the organisations understanding of property matters and achieving value for money with a strong customer experience:

BEHAVIOUR	Strengthen the existing arrangements around property maintenance and liability, renewing Service Level Agreements with directorates and providing clarity on building manager responsibilities
	Design, procure and implement a new asset management system that improves the access and availability of property data to inform strategic planning.
	Strengthen the understanding of and access to services to support other council functions and goals, including the creation of active travel links, combatting of homelessness, development of affordable housing development, children services and education provision, etc,
	Improve the building training provision for staff and site managers, to achieve greater understanding of compliance requirements and responsibilities.
	Continue to create compliant accommodation and spaces that are appropriately maintained and accessible.
	Provide professional services to other areas of the authority, seeking value for money through the review and performance management of framework contractors and procurement frameworks.
	Ensure tenant works on the operational estate are undertaken with the appropriate landlord consents and having been subject to competency checks, protecting the council in the review and control of property decisions.



Figure 15 - Support with gypsy and traveller potential pitch identification

Objective: Utilise community assets to optimise social value

A land and property portfolio which is equitable and offers parity, supporting the occupation of an asset that ensures parity, transparency, and consistency:

BEHAVIOUR	Adopt a consistent community enablement role for the asset base, managing spaces in a way that promotes economic and social value and delivery of cultural and environmental outputs, equitably.
	Utilise town centre-based assets to explore alternative means of repurposing vacant high street space, operating as a facilitator and enabler.
	Strengthen relationships with existing community partners and occupiers, continuing to ensure that robust monitoring of trading performance is in place to ensure parity and equity is achieved, with rental grant awarded proportionally.
	Review the Community Asset Transfer policy and the system by which community groups and interested parties can be best supported, working with the Community Development Team to create stronger and more connected communities.
	Target appropriate lease terms that support the sustainability of a particular asset and use, granting tenancy agreements that increase the opportunity to access grant funding and capital investment.
	Promote and stipulate the requirement for apprenticeships and added benefits when undertaking disposals or development schemes on surplus assets.
	Work to ensure equalities and accessibility are fully considered in development of service area asset plan.



Figure 16 - Bridges Centre, Monmouth



Figure 17 - Abergavenny Community Centre

PORTFOLIO

PORTFOLIO

Monmouthshire County Council benefits from a portfolio with a net book value of £375,000,000 (as of July 2023) and around 1500 land and property assets. The asset base is diverse, with a range of different properties meeting different service and public needs. Council assets have come into MCC ownership over many years, through a mixture of acquisition, donations, or council/government reorganisations. In order to maximise the output of these respective asset types, it's important that a fluid and flexible approach to asset management is taken (such to adjust to the changing environment) in a manner that is still disciplined and consistent. It is critical to understand the 'property parameters' within which this aspiration can be delivered. A good knowledge and understanding of the ownership, strengths and weaknesses of the portfolio will help to inform the ability to meet the purpose:

A summary of the respective asset types and number of assets within that type can be found below:

Asset Type	No. of assets
Play Areas and Open Space	362
Acquired Investment Assets	3
Commercial and Industrial Sites	62
Education premises (primary, secondary, nursery)	46
Leisure, Tourism and Heritage Assets	17
Car Parks	43
Allotments	4
Social Care and health premises/facilities	7
Cemeteries	4
County Farms (farms, grazing land, cottages)	90
Community Assets	49
Operational assets (hubs, depots, offices)	38
Public Conveniences	17
Assets under construction	4

Table 1: Asset types and number of assets within the Council's portfolio.

Many of the asset types in Table 1 serve similar purposes, be it for income generation or social value. Asset types can also serve multiple purposes and will not necessarily be fixed to one objective over another (e.g a county farm holds capital value as potential future development or capital receipt, generates income through rent, and can facilitate objectives around the promotion of sustainable farm practices or improved flood management).

The performance of the assets is reported via budget monitoring and Performance & Overview Committee. All assets should cover their own costs or generate income, if determined to be held for that purpose/objective.

COMMERCIAL ASSET INVESTMENTS

OBJECTIVES

- Maximised and commercialised asset base

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.

CASTLEGATE BUSINESS PARK

Castlegate Business Park, Caldicot is a 217,000 sqft mixed use site situated over 18 acres of land adjoining the Caldicot settlement. The site is a mixture of offices and production/warehouse space. Despite the surrender of 130,000 sqft by Mitel in March 2022, the property has benefited from several new occupiers and expansion by existing tenants. In July 2022 MCC secured the single largest warehouse letting in Wales of over 89,000 sqft. The property is 85.8% let. The site benefits from a co-working/hireable meeting room initiative ('MonSpace') which enables businesses and residents to hire individual meeting rooms or share flexible desk space. The site is facilitating business growth and inward investment into Monmouthshire.



Figure 18: CastleGate Business Park, Caldicot

NEWPORT LEISURE PARK

Newport Leisure Park (NLP) was acquired in March 2019 and comprises of a mix of six restaurants/takeouts, two retail units and three leisure units within an 11-acre site. The asset was materially impacted by the Covid pandemic, resulting in all tenants unable to trade for a period of months, some of which were unable to recover and subsequently voids created. The asset is 97.5% occupied and continues to generate a strong financial return.

Ongoing management and monitoring of the performance of assets is supported by officers within MCC's Finance, Estates and Legal departments. Investment Assets are supported alongside the wider

functions and responsibilities of Landlord Services. Departments are in regular contact with the appointed external managing agents for the respective sites. The maintenance of the



Figure 19 - Title plan of Newport Leisure Park



Figure 20 - Castlegate BP's 'MonSpace' initiative

sites is funded via service charge, paid for by tenants, with MCC only contributing towards costs for the void areas. Both sites are considered to be in a good condition generally. A review is ongoing as to the suitability of the site for low carbon initiatives that would seek to reduce the running cost, improve the attractiveness of the space for prospective tenants and reducing MCC's contribution towards those costs. Roof top PV, solar car ports and an EV charging hub are all being explored.

INVESTMENT ASSETS

The investment portfolio, or 'legacy estate', consists of a varied mix of property, that have transferred into MCC ownership over a number of years. They are held primarily to generate income and facilitate economic development. Investment assets can be declared surplus or redeveloped in circumstances where revenue, capital generation or other opportunities to meet policy objectives are identified. The estate will continue to be reviewed for additional opportunities to address budget pressures and aid recovery plans. The investment portfolio is managed by the Estates Department under a range of different lease agreements and

legislative requirements. Despite the challenges of the pandemic and a necessity to afford occupiers more flexible terms (e.g payment plans for settling arrears), the portfolio has performed well and exceeded forecasted income levels. Under this Asset Management Strategy, rent reviews, lease renewals and our response to management issues or assignments will be primarily motivated by a desire to increase revenue returns.

The investment portfolio can be divided into the following sub-classes:

- Commercial, Retail and Office Assets
- Industrial Units
- County Farms

COMMERCIAL, RETAIL AND OFFICE ASSETS

OBJECTIVES

- a maximised and commercialised asset base,
- good role models for climate and nature practices,
- fit for purpose and collaborative estate

MCC hold 23 retail units across town centre/neighbourhood shopping areas. Many are held on long leasehold interests, with the freehold having been transferred to Monmouthshire Housing Association as part of the Housing Stock Transfer. The portfolio is spread across concentrations in Caldicot, Chepstow, Abergavenny, Monmouth and Goytre. A range of businesses and retail uses operate from these spaces, including local butchers, hairdressers, convenience stores, etc. The retail units are 95% occupied.



Figure 21: Hanbury House, Chepstow

The commercial portfolio also includes office lettings at locations in Chepstow, Monmouth and Magor. The management and reletting of office space has materially changed as a consequence of the pandemic. The expectation of occupiers has evolved, with an increased

movement towards smaller lettings or more flexible lease arrangements, with businesses downsizing as workforces move to a more agile model of operation. In order to retain interest and compete to re-let vacant spaces, rental concessions and enabling works (e.g subdividing large open plan rooms) may be needed to attract new occupiers. We will review and act in an agile and responsive manner to respond to market demand and conditions.



Figure 22 - Innovation House, Magor

Innovation House in Magor is the former Council offices which were vacated at the start of the pandemic. Following consolidation of a number of services into Usk County Hall and other operational premises, the building will continue to be marketed for potential occupiers. MCC also benefit from an employment allocation in Local Development Plan that has yet to be developed due to insufficient demand. There is an acknowledgement that the Monmouthshire economy is currently performing to its maximum, with a lack of pre-developed space and market finding it difficult to meet demand. Land and property such as Phase 3 Rockfield Farm, Magor and Innovation House may present opportunities for owner-occupiers to invest, as the market seeks to recover and this will be explored under this strategy.

The units within the commercial and retail portfolio are mixed in their condition, with the majority of the repairs picked up by the tenants or the responsibility of the head leaseholder.

The commercial portfolio also includes diverse investments such as Bryngwyn Livestock Market in Raglan, and the 5MW solar farm at Oak Grove Farm, Caerwent. The diversity of the portfolio is a strength and will continue to be used to support different policy commitments, including the reduction in MCC's carbon footprint and ownership in local

shopping outlets in town centres or neighbourhood shopping areas, which are invaluable to the communities they serve.

INDUSTRIAL UNITS

OBJECTIVES

- a maximised and commercialised asset base,
- good role models for climate and nature practices,
- fit for purpose and collaborative estate.

The Council's industrial portfolio comprises of 40 industrial units ranging in size from 365 sqft to 2,850 sqft, located at three locations within the Severnbridge Industrial Estate in Caldicot and at an enterprise park in Raglan. These units primarily cater to start-up businesses or smaller occupiers, for which there a high demand in the county. The estate has



Figure 23 - Old Pill Farm Industrial Estate

a high retention rate, with tenants generally only vacating to secure larger premises elsewhere. The portfolio has a record of being fully let. The projected income in 23/24 is £213,000. The industrial units also serve as accommodation for a range of Council services, including Waste, Grounds and Transport depots, storage for Museums and office accommodation for Countryside. A number of

tenants have been moved onto fully repairing and insuring lease agreements. Under this strategy, lease renewals will be negotiated which should result in rental uplift. The estates will continue to be used to maximise the available space for economic development within the county.

COUNTY FARMS

OBJECTIVES

- fit for purpose and collaborative estate
- good role models for climate and nature practices,
- a maximised and commercialised asset base,
- strengthen the enablement role of Landlord Services

The County Farms portfolio consists of a combination of farm holdings, grazing land parcels, orphaned woodland and farm cottages. In total, the Council has 24 farm holdings and 40

areas of bare land amounting to 1,122 hectares (2,773 acres) of land, primarily located in the south of the county and in the Severnside area. The majority of the holdings are mixed livestock farms with few remaining dairy units. There are 3 market gardens. The farm holdings are primarily occupied on lifetime and retirement tenancies under the Agricultural Holdings Act 1986, which limit the ability for the landlord to increase rental values or flexibility in management. In circumstances where farms become vacated (either through surrender or passing of the tenant), new Farm Business Tenancies are granted. These agreements have more freedom to contract including setting higher rents and for the landlord to manage the holding (e.g. repairing obligations and a defined term so as to have potential to regain vacant possession).

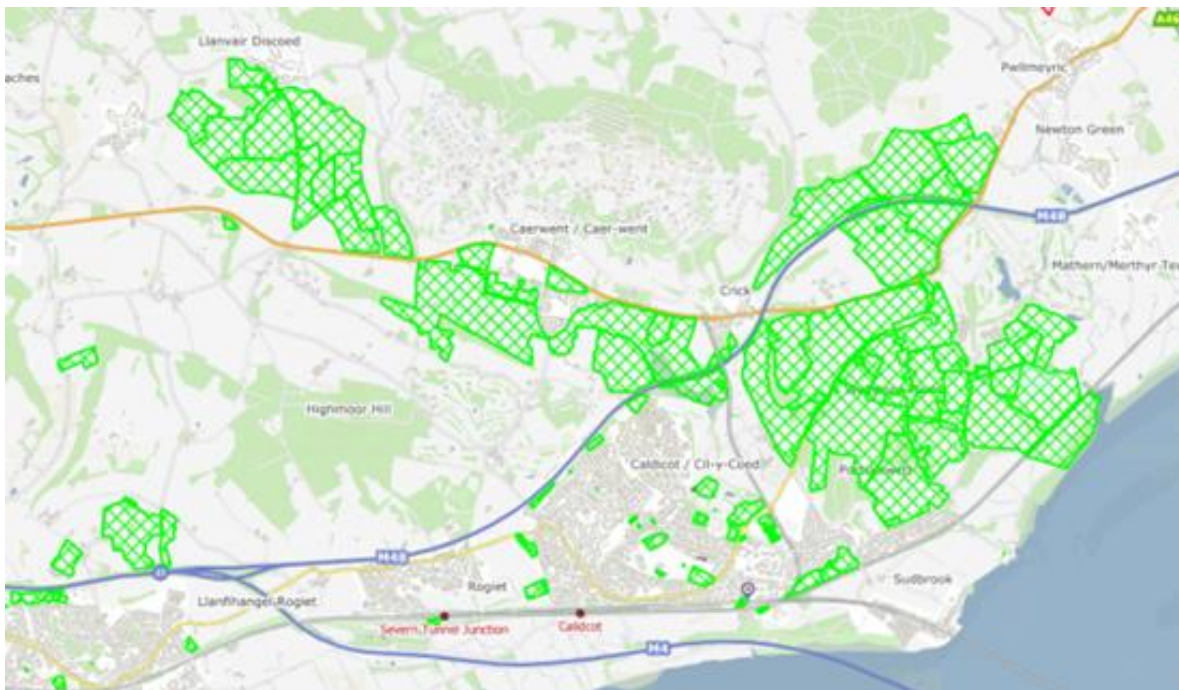


Figure 25 - Areas highlighted in green indicate land 'leased out', the majority of which is MCC farm holding or grazing land in the Magor, Caldicot and Chepstow areas

The portfolio is currently maintained through an allocated county farms capital maintenance budget, which is used to support investment in fixed equipment such as cess pits and septic tanks. Investment will be required under this strategy to continue to future proof the portfolio and support good land management practices, including carbon sequestration and repurposing poorly managed arable land where opportunities exist for new grassland or woodland.

The county farms remain a valuable asset, generating a commercial return and being situated in a location of strategic and developable value (i.e. outside of phosphate constraints, flood zones, connected to existing highways networks). In a rural county they continue to hold amenity, landscape and biodiversity value, and under this strategy will be used to promote diversification opportunities, including small horticulture business and renewable technology. One of MCC's farm holdings has been utilised for renewable technology development, with Oak Grove Farm being home to a 5MW solar farm. The portfolio continues to hold potential for wider renewable technology development.

In circumstances where farms are available to relet, there is a high competition for holdings and significant interest has been received. When awarding tenders, value will continue to be applied to those farmers that can demonstrate how they will implement more sustainable farming and land management practices, including enhancing the resilience of the ecosystems and diversifying or selling produce locally to develop supply chains. Three lettings in 2023



Figure 26 - Oak Grove Solar Farm

have made good on these commitments, running mixed farms with a variety of enterprises on site, and becoming active members of a local regenerative agriculture discussion group, contributing to discussions, and attending events on the principles of sustainable grazing and soil management.

MCC's tenants at Lower House Farm, Caerwent have applied, successfully, to join a 12-month regenerative agriculture mentoring scheme and have been paired with the world-renowned consultant Ben Taylor-Davies (Regen Ben). Together they will seek ways to reduce artificial inputs, increase soil health, water and air quality, and animal welfare, and improve business performance. This scheme has improved connection with other Monmouthshire farmers on the scheme, and with the cross-sector collaboration behind it, comprising Ben himself, MCC, Monmouthshire Food Partnership, ACE Monmouth, and Size of Wales. The Asset Management Strategy will continue to promote partnership arrangements that will enable tenants to lower their carbon footprint and improve the portfolio's environmental impact, increasing access to high quality advisors (Farming Connect, Natural Resources Wales, etc.) and technical support, and supporting the development of a more prosperous and resilient agriculture industry.

Wallstones Farm, Portskewett the tenants have reached into their community and provided a new route to market for other farms by setting up a direct-sales business, Monmouthshire Fayre. Through this they sell boxes of free-range grass-fed meat produced by themselves and other local farms that share their values. They intend to include other staple foods (fruit and vegetables, bread, etc.) in future, if the venture proves successful.

Long term, the portfolio continues to provide development opportunities and sites that afford opportunities to do this will be managed accordingly. The county farm portfolio has been classified as core and non-core holdings, 'core' defining its appropriateness for development. Core farms will continue to be retained for potential future development opportunities.

OPERATIONAL PROPERTIES

OBJECTIVE

- fit for purpose and collaborative estate.
- good role models for climate and nature practices,
- a maximised and commercialised asset base,
- Strengthen the enablement role of Landlord Services

Much like the investment portfolio, the operational estate is varied in its make up, respective uses and locations. Operational assets deliver a mixture of frontline services, service provision, and support to local communities. MCC benefits from a good representation in the respective towns but its availability of property and corporate buildings is not uniform.

Working environments have changed, with office space adjusting to the working environment. Agile working, desk booking and adjusted facilities arrangements (i.e. different expectations of service users as to the way they interact with services) has required asset management to equally adjust. Hubs are increasingly more integrated. Educational premises are including allowance for community use/spaces. Depot infrastructure is evolving to future proofing demands and an increased EV charging/fleet. Usk County Hall has been transformed into a mix of co-working and bookable desk and meeting space environments. This Asset Management Strategy will continue to support this accommodation reform. We will also continue to feature and promote flexible co-working, improving the knowledge of and availability of booking spaces or drop-in desks across the portfolio, ensuring parity is afforded to the workforce in the quality of environments they work from.

In education, MCC has benefited from a programme of new school constructions, creating plaza-based teaching environments which are of good condition and climate conscious. Much of the public and school estate benefits from roof top solar PV. The King Henry 3-19 School development will be the first net zero school development in Wales. A review is ongoing as to any future provision of a Welsh medium school and the accommodation requirements of the Pupil Referral Unit, whose relocation or new site development will be supported by Landlord Services.



Figure 27 - King Henry VIII 3-19 School Development CGI's

Hubs in various towns have transformed to meet the changing customer expectations following the pandemic, responding to the different ways service users interact with property and the importance of these assets and services being based in the heart of their communities. A continued movement towards integrated hubs is required and will be supported, acknowledging the value and footfall they provide to the areas.

Landlord Services and Social Care will continue to work collaboratively to complete the development of the new Severn View Parc Care Home in Caldicot, which is the replacement care home to Severn View Care Home in Chepstow. The development has been facilitated through the acquisition of land, disposal of residential development land to Melin Homes, and collaborative procurement of a development contractor to deliver the new care home. The care home itself and surrounding development will feature exemplar dementia friendly design principles at its core, driving operational efficiencies in an environment that prioritises the creation of a home over that of an institutional care facility. These principles and pursuit of exemplar schemes will continue to be a feature and objective of the strategy when undertaking new development.



Figure 28 - Severn View Parc Care Home

MCC Waste, Grounds and Highways services are provided from a range of locations and working depots across the County. In the south of the county in particular, investment is required in existing infrastructure to support the service in the future proofing and transformation of service delivery (e.g. expansion of fleet and move to more sustainable power solutions). In Stage 2 of the Replacement Local Development Plan, land has been promoted for the potential of a new 'super depot' which would seek to bring together the different south of the county depots in a single location which creates operational efficiencies and releases surplus assets for income generation or development. A service

area working group will be created to consider the design and financial business case for such a proposal.

MCC benefits from a range of leisure spaces, museums, and heritage spaces. It supports traditional trader’s markets at Abergavenny, Monmouth and Caldicot. It has an outdoor education centre in Gilwern and prominent heritage and amenity assets at Caldicot Castle and country park, Tintern Rail station and Shire Hall in Monmouth.



Figure 29 - Shire Hall, Monmouth

Under the Asset Management Strategy and associated Action Plan, the operational estate will continue to be reviewed for opportunities to reduce running costs and assess how to best meet corporate need. Properties such as Monmouth Market Hall, where space is being consolidated to relocate to Shire Hall, can be re-let or repurposed. The continued model of integrated hubs rather than isolated silos is necessary.

Greater clarity is required around maintenance responsibility and

knowledge of the estate amongst building operators, such to reduce backlog maintenance and assist the formulation of the planned capital maintenance programme. The “processes” section of this strategy acknowledges the working groups and forums within which these matters will be considered.

COMMUNITY ASSETS

OBJECTIVE

- fit for purpose and collaborative estate
- good role models for climate and nature practices,
- a maximised and commercialised asset base,
- Utilise community assets to optimise social value

Whilst all assets can be argued to be providing an indirect form of community benefit, ‘community assets’ are defined as those properties directly let to community groups or organisations on less than commercial terms. The portfolio consists of 49 community assets that are let to a range of not-for-profit organisations, community groups and voluntary organisations. The occupations are on a wide range of different lease and license agreements, with different terms (generally long) and rentals applied (ground leases, peppercorn rents, subsidised rents). The majority of the estate is let on “community rental values”, which reflect the not-for-profit nature of those groups operating.

Many of the existing groups access rental grants via MCC, a rental concessionary policy (appendices 2) which enables organisations to seek a reduction in their rental payment if they can demonstrate tangible community value being delivered. The application of this policy will be reviewed as part of this strategy’s implementation. This will ensure community assets continue to perform in accordance with the rental concessionary award and that any percentage of rental relief afforded is still appropriate and proportional to their financial performance.

MCC also support several Town and Community Council’s to occupy premises in our various towns and villages. These include the Drill Hall in Chepstow, Goytre House, Abergavenny Town Hall and the former household waste recycling centre in Usk. A number of MCC-owned public conveniences are also opened and operated by Town and Community Councils. The Asset Management Strategy will continue to explore opportunities to enhance the outputs of community assets and partnership arrangements, including supporting access to grant funding where it derives a tangible benefit and improvement to the asset.

MISCELLANEOUS

OBJECTIVE

- fit for purpose and collaborative estate
- good role models for climate and nature practices,
- a maximised and commercialised asset base,
- Strengthen enablement role of Landlord Services
- Utilise community assets to optimise social value

In addition to the above, MCC also benefits from a range of different specialist uses which serve to support its policy aspirations. MCC has various highway infrastructure (roads, bridges, etc.) within its ownership, however the Asset Management Strategy does not consider the highway infrastructure, vehicles or fixed assets held by the Council, which are each subject to their own strategy documents.



Figure 30 - Monmouth Allotments

MCC has 4 allotments it supports, two of which it manages directly. Ongoing consideration will be given to the merits of town and community council’s taking on management responsibility for the sites, supported by allotment associations. This strategy will continue to explore opportunities to increase the availability of community growing and allotment spaces, as per the commitments of the Community and Corporate Plan.

MCC also benefit from an extensive list of public open space and amenity land that provide a range of community, recreational and biodiversity benefit. These land parcels will continue to be managed in a manner that aligns with the climate and nature emergency, including planting schemes and natural flood management such as wetlands.

MCC operates four cemeteries: Llanfoist, Llanelly, Chepstow and Monmouth. Presently, Monmouth can only offer new cremated remains plots, burials in previously reserved plots and reopening of existing graves. Plans are in place to offer new burial plots in Monmouth in 2024.

The cemetery service also maintains Old Hereford Road Cemetery and the grounds and associated listed structures (not including the Church buildings) of St Mary's Priory Abergavenny, St Mary's Priory Monmouth and St Mary's Priory Chepstow. In addition, the cemetery service also manages a number of war memorials within the County. Under this strategy, work will continue to identify additional burial spaces throughout the county. This work will explore potential sites on council and privately owned property.

PERFORMANCE

PERFORMANCE FRAMEWORK

In order to monitor and drive success of the asset management strategy and its proposed purpose, it's critical to establish the key performance indicators and framework within which progress will be assessed.

Property performance metrics will help to determine strategic decisions. To aid the implementation of the Asset Management Strategy, a new property management software will be specified and procured in order to allow for more robust data management and access. This will reduce the holding of redundant data and improve our information security and data standards. The performance of the assets is reported via the budget process and monitoring. All assets should cover their own costs or generate income, if determined to be held for that purpose.

Whilst the strategy relates to the administrative period, it is necessary that a long-term approach is taken to the realisation of benefits and the objective delivery. Therefore a mix of short, medium and long-term indicators will be applied to assess the ongoing performance of the portfolio. These include but are not limited to the following:

- Portfolio specific actions, tied to particular service priorities or accommodation changes
- Tangible property data, updated regularly and such to inform strategic decision making.
- Financial targets – income, capital receipts, etc.
- Development targets – linked to purpose and corporate vision.
- Corporate and Community Plan targets – consistent with those reported under the plan.
- Reduction in total footprint

Further metrics may be adopted over the lifetime of this strategy to provide appropriate oversight and insight into the management of the asset portfolio. From time to time, review of metrics may require the alteration of indicators to provide improved reporting.

To ensure the performance towards the purpose can be accurately measured, tracked targets will be introduced in a number of areas. The targets and performance framework will be captured with the Asset Management Plan, which will be reviewed annually and assist in informing effective performance management. Metrics will be reviewed by Cabinet.

Bench marking initiatives and the sharing of performance can be achieved through professional networks (Royal Institution of Chartered Surveyors, Association of Chief Property managers in the Public Sector). For strategic management purposes, the following indicators will be focused on which will assist the development of the direction of travel.

POLICIES

POLICIES

The management and decision making around the portfolio must be informed by a clear strategic framework from which decisions can be taken. A clear policy framework will help to deliver the performance and purpose of the strategy and the day-to-day support system from which strategic decisions can be taken and the portfolio managed. The structure of the policy framework is below.



Further to the Community and Corporate Plan, and the enabling strategies to be read in parallel with this report, the following policies are critical to the Asset Management Strategy's delivery:

COMMUNITY ASSET TRANSFER POLICY

Community Asset Transfer (CAT) is a policy by which Local Authorities can elect to grant long leasehold interest (25 years or more) or freehold transfer property from its ownership to a community group if it's considered better placed to assist the delivery of community services. The CAT policy allows the consideration of transfers where:

- a property is not required to meet the Council's long-term needs,
- where a community activity will be carried out as a result,
- where the activity cannot be achieved more effectively, or
- where the asset does not have a high capital or opportunity value to the council that would provide a financial return or capital return.

The primary role of the CAT policy is community empowerment.

In considering CAT applications, MCC will continue to strike a balance between CAT applications and the necessity to act commercially, maximising assets to generate capital receipts from assets declared surplus.

To date, MCC has formally approved one application (Undy AFC) via the CAT policy, however a number of other historic and long leasehold agreements exist within the portfolio. Expressions of interest have been received for a number of other assets (Melville Centre, Raglan MUGA, Abergavenny Community Centre, Monmouth Cemetery).

The application details and further explanation of CAT can be found in Appendix 3.



Figure 31: Melville Theatre, Abergavenny

RENTAL CONCESSIONARY POLICY

The Rental Concessionary Policy affords community groups that occupy MCC property the opportunity to apply for rental grant, i.e. a reduction in the rent payable, if they can demonstrate clear community and local benefits as a result of this concession. The policy is aimed at supporting occupiers who facilitate recreational uses, trustees, community groups or societies, often managed by volunteers. The occupation by community groups transfers the liability of maintenance and running costs from MCC to the occupiers, as well as providing a more cohesive approach to community mobilisation, positioning those potentially better placed to provide support.

A large number of the existing community lettings are historic and operate on differing terms. In order to achieve parity and equity across the occupation of community space, leases should be let on a commercial rent (depending on the use). The tenant may then apply for rental grant, rather than agreeing a reduced rental on the assumption of rental grant eligibility. This approach will create equity for tenants and the council as a publicly funded body. Rental grant can be applied for up to 95%, as outlined in the policy in Appendix 2. As part of the Asset Management Strategy implementation, a review of the application of

this policy will be undertaken in conjunction with the policy update. 33 community groups currently access the rental concessionary policy, which amounts to a £133,000 annual concession by MCC to support community groups.



Figure 32: Caldicot Castle Football Club

DISPOSAL POLICY

In circumstances where property is deemed surplus to requirements and can be sold, the Disposal Strategy 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 Asset Management Strategy.

The Asset Management Strategy 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.

PROCESSES

PROCESSES- THE 'HOW TO'

Critical to the application of the Asset Management Strategy is the governance structure, capacity and competency within the organisation to deliver its purpose. The Head of Landlord Services is the responsible senior officer for the execution of the Asset Management Strategy. This includes annual review of the Asset Management Plan. The supporting property related governance includes:

- **Landlord Services and the Landlord Services DMT** – manage the implementation of the strategy, the day-to-day operation, undertake the actions and consider property proposals.
- **Capital and Accommodation Working Group** – established to consider capital pressures and accommodation decisions across directorates.
- **Service Asset Working Groups** – to be established in accordance with the service asset plans, as outlined in this report.

LANDLORD SERVICES & LANDLORD SERVICES DMT

The delivery of a successful Asset Management Strategy will be achieved through a cohesive corporate landlord model, with clear governance arrangements to ensure transparency in the management of the estate. MCC's Corporate Landlord Services, the department with primary responsibility for land and property matters, consists of supporting functions as per the diagram below:

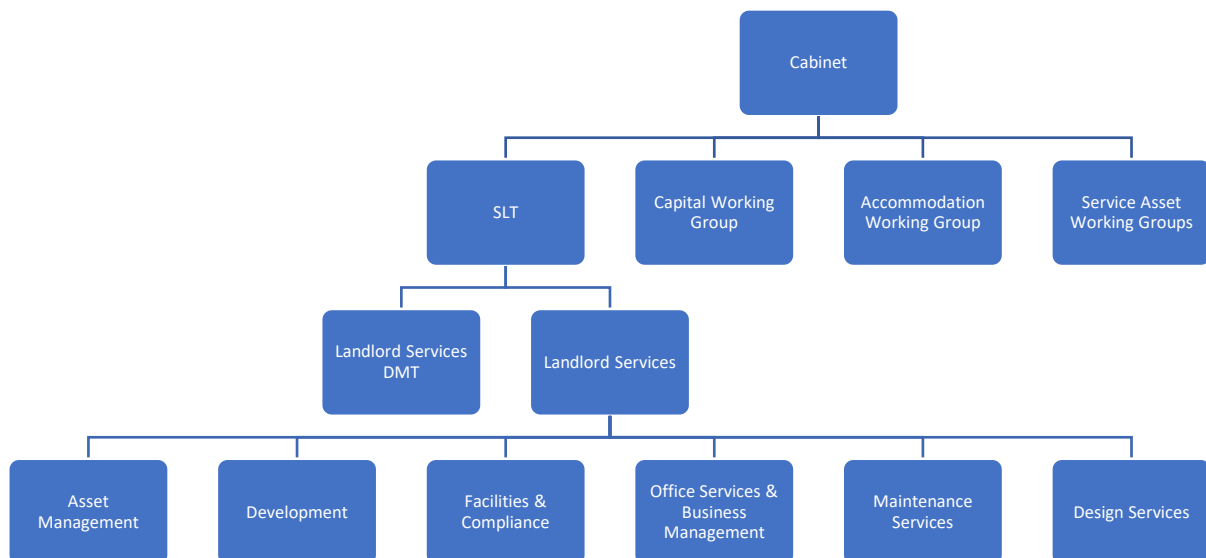


Figure 33 - Landlord Services Organisational Diagram

The Estates Department consists of two teams, prioritising areas of work in their respective specialisms. The Council's Estates Development team manage disposal and acquisitions, ensuring best value is achieved (social and financial). The team also supports, and project manages a range of different enabling functions, including project management of the Severn View Parc and MUCH project. The Estates' Asset Management Team carries responsibility for the day-to-day management of the estate, including progressing matters such as lease events, property enquiries or general property management.



Figure 34 - Land at Rockfield Farm, Magor. Sold for development to Monmouthshire Housing Association

Property Services have responsibility for the maintenance and overall condition of the operational portfolio, undertaking planned and reactive maintenance across the property estate. The planned maintenance programme is informed by condition surveys, backlog maintenance and ongoing monitoring of assets. The Design Team support the design and development of council projects, including the King Henry VIII 3-19 School project. Property Services also support the delivery of Gwent Police projects under the existing collaboration between bodies, for which fees are charged and recovered. Facilities and Health & Safety compliance officers within the department monitor regimes of asbestos, fire risk, legionella, etc and ensure statutory duties are undertaken by site managers. Cyclical Maintenance (electrical safety, gas safety, fire alarm, etc.) is undertaken periodically, annually or bi-annually, based on the specific report and service.

Offices Services and Business Management support the back-office operation of the service (accounting, invoice processing, etc.) as well as the front facing reception, post room and courier services. The accounts team provide procure to pay services, including budget monitoring, internal recharging, and Accounts Payable and Receivable support. In addition, the accounts team work to ensure that relationships with contractors/collaborators and customers remain positive through effective customer service and a full understanding of cashflow in our partner businesses.

Managers for the respective services listed within Landlord Services meet regularly to consider property specific matters and updates, and have responsibility for the production of clear and robust options appraisals to inform decision making relating to changes or disposals/redevelopment opportunities.

Each of the services within Landlord Services are supported by a data management system, for which a replacement system is currently being procured. The proposed new system will create a data bank from which property information is available and more auditable, enhancing the access to property information to inform short, medium and long-term strategic assessment of the Council's assets, and contribute towards aspirations around rationalisation, property maintenance decisions and alternative use/redevelopment. This will sit alongside the Council-wide changes in data management and migration onto share point. This will reduce the amount of redundant data and improve the quality assurance around ongoing costs and therefore strategic decisions.

CAPITAL AND ACCOMMODATION WORKING GROUPS

The Capital Working Group and Accommodation Working Group will be created to strengthen the organisations relationship with the assessment of the capital programme and reporting of pressures in relation to estate management. Equally, it will provide forums from which consistency can be sought in the approach to accommodation matters, ensuring property opportunities (e.g. through the consolidating of a service which creates available space within an asset) can be evenly considered and in advance of any consideration to declare the property surplus.

The respective working groups will provide an environment from which service managers and directorate leads will be able to present business cases for consideration of capital pressures. Business cases will need to include the strategic and economic case, the commercial considerations and management implications.

The Capital and Accommodation Working Groups will have representation from Estates and Property Services, Legal and Finance, as well as the respective service areas relevant to the agenda item or pressure. The working group meetings will be minuted and progress tracked. Each decision will differ in detail and depth but will be proportionate follow a standard template and framework. A communication plan will be put in place to communicate this change to service managers and via engagement with Senior Leadership Team and DMT's.

Further to the above groups, the Head of Landlord Services and members of the Landlord Services DMT will attend SLT and Cabinet as required where matters concern Landlord Services, and be the main point of contact alongside the Deputy CEO (Chief Executive for Resources) for Cabinet/councillors in responding to member queries or information requests that relate to Landlord Services or the portfolio.

SERVICE ASSET WORKING GROUPS

Individual working groups will be established with directorates to consider service accommodation pressures or matters relating to the operational estate. Individual service

asset plans will be established which will reflect on the key strategic considerations such as the average property running cost, demand for use, occupancy rates and arrangements to ensure best utilisation of buildings, building condition, accessibility and energy performance. This information will be reported to the Accommodation Working Group and used to inform future use and service transformation.

INVESTMENT COMMITTEE

The Investment Committee is a cross-party sub-committee of Council, established to consider investment activity the authority can undertake. As a consequence of the pandemic, investment activity has halted, with acquisitions via this committee limited to Castlegate Business Park, Newport Leisure Park and investment in 'Broadway'. In order to afford a transparent assessment of these investments, the performance updates will be reported to Performance & Overview Committee alongside updates on the wider portfolio. Any future investment will be considered in accordance with the constitution and via the appropriate decision-making forum (Full Council or Cabinet). The Investment Committee will therefore be in abeyance, with the ability to stand up the committee if required.

Cabinet Members will continue to be consulted on property decisions that relate to their specific service areas. The Cabinet Member for Resources will also be consulted for all major property decisions. At a local level, Ward Members will be consulted on specific asset related issues and afforded the opportunity to provide comments as a consultee on delegated authority, ICMD, Cabinet and Council decisions/reports.

APPENDICES

Appendix 1 – Asset Management Plan

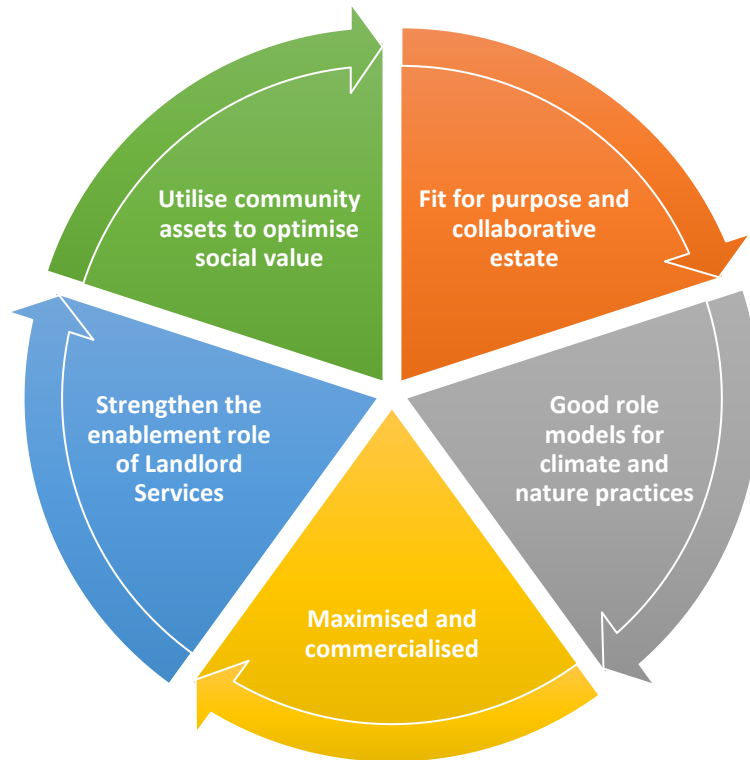


Asset Management Plan



Asset Management Plan

The Asset Management Plan converts the Asset Management Strategy into practice. It is the associated action plan for the duration of the Asset Management Strategy, acknowledging some items will go beyond the strategy period. The following pages contain the actions proposed in accordance with the strategy document. These align to the Asset Management Strategy's key themes.



The Asset Management Plan and its action list will be updated annually to monitor progress of the plan against these core objectives. The RICS define an asset management plans as the deliver plan for property assets, giving details such as timescales for action, outcomes and responsibilities:

Objective – Fit for purpose and collaborative estate						
Action No.	Action/Description	Target	Milestones			
			23/24	24/25	25/26	26/27
1	Undertake service area asset plans to review accommodation needs, and strategic mapping exercise for opportunities to meet unmet demand, cost advantages or resource benefits.	Completion of all directorate reviews by 2026/27.	Depot working group already established. Additional accommodation groups to be created (social care, education, etc.) to inform asset plan formulation.			
2	Provide design and technical support for the proposed relocation of the Pupil Referral Service to the former Mounton House School, Chepstow	Completion of the build by academic year 24/25	Education seeking consent for funding in December 23.			
3	Continued technical support with the development, completion and ongoing maintenance of Severn View Parc Care Home	Completion of build February 2024. Resident transition from Severn View Care Home in March 2024.	On-course for targeted completion date of February 2024.			
4	Renewal of Memorandum of Understanding with Gwent Police	September 2024	Solicitors drafting renewed document. New governance structure to be agreed.			
5	Repurpose vacant agricultural cottage in Llanfair Discoed, to support temporary accommodation.	April 2024 occupation	Report to Cabinet in December 23 for consent to repurpose vacant agricultural properties			
6	RLDP promotion of new depot infrastructure to support grounds, transport and maintenance teams and fleet transformation.	RLDP allocation (2025)	Formulation of working group to provide design and requirement input.			
7	Oversight and technical input into the relocation of Monmouth Museum into Shire Hall.	Feb 2025 development stage conclusion	Architectural design brief and specification for redesign works circulated for comment.			

Objective – Good role models for climate and nature practices						
Action No.	Action/Description	Target	Milestones			
			23/24	24/25	25/26	26/27
8	Ongoing technical and advisory role for the delivery of the 3-19 King Henry VIII School development, Abergavenny	Completion of build by September 2024	Ongoing supporting and advisory role. Construction started.			
9	Re-let vacant farms, with consideration for small scale horticulture opportunities or diversification to contribute to the 'food and drink economy'.	July 2024	Property to be surrendered by April 2024. End of tenancy negotiations ongoing.			
10	Undertake a carbon sequestration exercise, identifying opportunities for planting and biodiversity schemes on redundant or poorly managed land, including woodland.	Ongoing	Exercise underway to identify suitable land parcels. Land in Abergavenny being explored for wildflower/planting community scheme.			
11	Continue promotion of the RLDP Strategic Sites and support the decarbonisation team with the promotion potential renewable development.	Ongoing	Awaiting progress of RLDP and formulation of business case. 'Caldicot East' designs are being formulated in readiness of deposit plan Easter 2024.			
12	Establish tenant communications forum from which increased access to supporting groups and networks can be offered.	Jan 2024	Membership and consent to share details being collated.			
13	Award Allotment Support Grant for 2023/24 works and submit forward work plan for 24/25 bid.	March 2024	MCC allotment sites approached for proposals to access support grant funding.			
14	Continue programme of annual cyclical maintenance, and explore low carbon and energy efficient alternatives at point of repair/replacement.	February 2024	Annual programme of cyclical maintenance under review. Cyclical maintenance procurement framework being renewed.			
15	Undertake county-wide land review for potential cemetery sites, in order to address reducing number of available burial plots in Abergavenny and Monmouth	July 2024	Monmouth Cemetery reopened and changes to plot reservation policy have extended remaining burial years.			

Objective – Maximised and commercialised asset base						
Action No.	Action/Description	Target	Milestones			
			23/24	24/25	25/26	26/27
16	Complete mapping exercise of co-working opportunities through the operational estate , and the creation of incubator space at Castlegate Business Park.	March 2024	Operational asset list to be collated. Meetings required with digital team to explore booking functionality. 'MonSpaces' launched in Nov 23, making available hireable flexible office space at CBP.			
17	Reduce arrears in the investment portfolio and take recovery proceedings where appropriate.	Ongoing	Arrears review ongoing. Monthly progress meetings scheduled with Sundry Debtors.			
18	Complete business rates mitigation for Castlegate Business Park and re-let Unit 6 Newport Leisure Park	Jan 2024	Business rates consultant appointed and site visit undertaken. Marketing strategy implemented and considering offers for vacant space.			
19	Advertise vacant floor spaces at Monmouth Market Hall and Innovation House	Nov 2023	The vacant former OSS and hairdressers are being marketed via the MCC website and expressions of interest invited. Negotiations are ongoing with a flexible office provider regarding occupation of Innovation House.			
20	Explore disposal of non-core farm holdings for generation of capital receipts	Feb 2024	Discussions ongoing with sitting tenants regarding interest to acquire. Cabinet consent required to dispose of any farm holding.			
21	Exercise any lease events (rent reviews and lease renewals) effecting the investment estate.	Ongoing	Schedule of lease events reviewed monthly. Surveyors assigned to exercise reviews and commenced tenant negotiations.			
22	Establish rationalisation strategy and disposal of surplus assets (Severn View Care Home, Portal Road, etc.)	March 2025	Review ongoing for opportunities for rationalisation.			

Objective – Strengthen the enablement role of Landlord Services						
Action No.	Action/Description	Target	Milestones			
			23/24	24/25	25/26	26/27
23	Implement a revised service level agreement (SLA) for educational premises. Explore ability to replicate across other service areas.	March 2024	Draft SLA under review with consideration for overlapping existing agreements, communication to directorates and legal redrafting.			
24	Procure and implement a new asset management system.	April 2024	Data cleanse ongoing to support data transfer onto Sharepoint. Specification agreement and procurement underway.			
25	Continue to support Active Travel in the implementation of links at Kingswood Gate, Monmouth and Ysbyty Fields Abergavenny	February 2024	Negotiations ongoing with respective landowners. Third party support procured to assist with capacity pressures.			
26	Undertake a procurement framework review which assesses the success and value for money of the mechanical, electrical, building and cyclical maintenance frameworks.	April 2025	The cyclical maintenance framework has been tendered and is currently being evaluated prior to award.			
27	Dispose of land at Caldicot Comprehensive School for 100% affordable housing development	March 2024	Planning application submitted. To be considered by planning committee in January 2024. Disposal conditional upon planning consent.			
28	Assist with improvements to the health and safety with training provision to improve understanding of property occupier compliance responsibility.	November 2023	Corporate Health and Safety lead and Property Services Maintenance and Facilities Manager tailoring training to reflect MCC estate.			
29	Assist with the promotion of potential gypsy and traveller sites on MCC land within the Replacement Local Development Plan	December 2023	Site surveys commissioned following Council decision to proceed with consultation on three potential sites on land at Langley Close, Oak Grove Farm and Bradbury Farm.			
30	Support the development of the My Day My Life 'base', in accordance with the recommendations of the independent review.	November 2023	Design works commenced for refurbishment of Overmonnow Family Learning Centre and Melville Centre.			

Objective – Utilise community assets to optimise social value						
Action No.	Action/Description	Target	Milestones			
			23/24	24/25	25/26	26/27
31	Completion and handover of Magor and Undy Community Hub	Sept 2023	Development completed and occupied from September 2023. Ongoing defects period under review and operational matters relating to EV charging.			
32	Undertake negotiations for the lease renewal of Drybridge House, Monmouth	March 2024	Rental calculations shared with tenant. Heads of Terms produced and under consideration.			
33	Review existing community facility leases and award of rental concessionary grant.	Completion of review by April 25	Rental concession review undertaken. Tenants to be contacted for access to trading accounts and clarification on eligibility for claim, in accordance with policy changes.			
34	Enter a lease for the occupation of the Melville Centre, Abergavenny	March 2024	Melville Centre for the Arts committee have secured Architectural Heritage Funding to survey the roof and property. Awaiting findings to conclude lease negotiations.			
35	Advertise and continue to let vacant space at Hanbury House, Chepstow	November 2023	Small ground floor retail space being advertised. Suitable for range of different uses.			
36	Future use of Raglan Old School, Chepstow Road	March 2024	Awaiting correspondence from Diocesan Trust to resolve title transfers. Feasibility study required on alternative use.			

Performance Indicators

Measures/Milestones	Previous year	Target	Current (23/24)	Comments
Service area measures				
Total income target for the investment portfolio	£1,257,841	£979,698	£1,076,230	Previous year spike in part from Ukrainian Relief Funds
Capital Receipts generated	£7,488,013	£2,642,045 23/24	£2,642,045 forecast	Future receipts subject to rationalisation and RLDP allocations.
No, of affordable homes granted planning consent on MCC land	32	50% AH on all dev sites	46 forecasted	
ROI of Investment Portfolio, as per Asset Investment Policy	-1.55%	2%	0.15%	Target subject to any changes agreed by Investment Committee.
Average DEC Rating of Operational Estate	D (82)	C (51-75)	D (82)	Only for public buildings - annually over 1,000sqm or every 10 years 250sqm.
King Henry VIII 3-19 School development	Completion August 23	Completion Feb 2024	On programme	Delay to Feb 24 associated with potable water and electricity connections.
Severn View Parc Care home development	Completion Feb 24	Completion Feb 24	On programme	Resident transition scheduled March 24
Affordable housing development of land at Caldicot Comprehensive School	July 24	July 24	Aug 24	Forecast planning committee January 24
Design/Maintenance Income Target	£1,102,623	£1,280,081	On budget	On budget as of M5 reporting
Cemeteries net income target	£254,171	£183,041	£246,009	
Industrial units net income target	£214,085	£188,275	£213,535	
County Farms net income target	£242,882	£269,120	£269,578	
% of rental arrears from investment portfolio's total income	6.4%	2%	4.8%	

Risks

The Asset Management Plan (and therefore strategy) are subject to a number of risks which should be quantified to assess impact on delivery. Planned mitigation, where possible, is outlined in the table below. The risks will be reviewed annually in accordance with the Asset Management Plan's review:

Risk	Risk	Impact	Mitigation
The inability to staff the action plan due to capacity constraints, staff retention and succession. High number of departmental vacancies and MCC is subject to a recruitment freeze.	Major	The inability to staff the action plan could result in failure to achieve revenue and capital returns, resulting in reputational and commercial damage. It also presents a service resilience weakness as staff retire and experience and knowledge lost.	Recruit to vacant posts and restructure to tailor to the service demands. Necessity to create pathway for succession and progression. Utilise external expertise to supplement knowledge or capacity gaps.
Market forces impacting tenant's ability to meet lease obligations, resulting in additional voids and loss of income.	Major	Shortfalls in income or additional pressures to the budget forecasting/overspend. Potential for additional vacant space and therefore liability to MCC created.	Strengthen existing tenancy agreements, reducing voids where possible and acknowledging the necessity for incentivised lease terms to secure occupiers.
Reduction in capital values or receipts associated with global market trends, changing sectors or delays to disposal of property.	Medium	Changes to planning policy are likely to impact land values and result in protracted sales processes. Implications of phosphate constraints, TAN15 introduction and limitations on the use of best and most versatile land. The evolution of markets (e.g. consolidation of offices and lack of inward investment) may impact the delivery of economic development aspirations.	Continue to undertake a disposal strategy that best enhances the consideration achievable and prioritise alternative use where liability can be transfer onto a third party.
Reduction in capital maintenance programme or spend freezes impacting the ability to meet capital pressures or deterioration of the estate	High	The portfolio's condition will deteriorate through a lack of appropriate and future proofing investment, frustrating the ability for the asset base to respond to changing service demands.	The planned capital maintenance programme will continue to be reviewed for such that investment is prioritised in those assets that present health and safety risk. The capital and asset management working group will preside over consideration of capital pressures.
Unclear policy and strategic intentions, leading to inconsistency in approach	High	Inconsistent approach to asset management and the implementation of the strategy will result in reputational damage to the authority and abortive works and costs for tenants or interested parties, e.g. in the pursuit of Community Asset Transfer.	Clearly established 'purpose' for the portfolio and strategy, supported by robust governance arrangements and a suite of endorsed policies from which day-to-day management takes place, within a framework Cabinet have agreed.

Appendix 2- Rental Concessionary Policy



Rental Concessionary Policy



Rental Concessionary Policy

The Asset Management Strategy outlines the necessity to maximise and commercialise the portfolio wherever possible. It also acknowledges a need to utilise community assets to optimise social value and outputs. The Rental Concessionary Policy assists with the delivery of social value, outlining the process by which MCC can elect to offer discount on rent payable by a tenant in occupation of property within the portfolio. The following document outlines the eligibility for rental concession, the process by which this is assessed and awarded, and the governance arrangements surrounding ongoing monitoring:

Eligibility for rental concessions

- Rental grant (i.e. a reduction in the rent payable by a tenant) can be applied for by community tenants/occupiers who can demonstrate a tangible social benefit that is derived as a result of their occupation. It is not a concessionary policy available to commercial operations or profit-making organisations.
- Rental grants are only awarded in circumstances where it is evidenced that concession is needed to enable the social outcomes and benefits to be achieved.
- Rental grant can be awarded up to a maximum of 95% of the contracted rent, however it should only be awarded to the minimum amount necessary to ensure continuity of facility and where evidenced as required. The maximum percentage of rental grant awarded under the policy is to be reviewed.
- The concession issued should be quantified and proportional, with due consideration of the financial pressures facing the Council and necessity for good and sustainable management practice.

Applying for rental concessions

- 1) Community tenants (existing or prospective) can apply to the Estates Department for consideration of rental concessions. At the point of application, a full market review of property capital and rental value will be undertaken. This can occur at any lease event (renewal, rent review or new tenancy request). No discount will be reflected in the rental calculation at this stage. The rental for the property will be calculated based on the open market value of the proposed use.
- 2) Applicants will be required to complete a rental grant application, including a business case with justification for the concession. The application will enable review as to whether the tenant has any other source of funding and/or ability to meet the rental obligation.
- 3) Applications will need to include due consideration of the council's Community and Corporate Plan, alignment to the objectives of the Asset Management Strategy and associated policies, and the Well-being of Future Generations Act. Financial evidence, accounts and business plans will be required to substantiate the proposals.
- 4) A financial strategy will be required to demonstrate efforts to reduce the reliance on the grant post-award, and evidence as to how the tenant will meet the repair obligations under the lease agreement, which will primarily transfer the properties repairing and insuring obligations to the occupier. Equally, applicants should demonstrate their ability to meet the utility/running costs of the property.

- 5) "Community leases" will include reasonable break clauses and terms, such that the tenant retains an ability to surrender the property in accordance with the lease in the event the rental concession is no longer available and without financial penalty or onerous obligations.

Rental Concession consideration and award

- 6) The completed information should be made available to the nominated Estates surveyor, who will liaise with colleagues in Finance to assess eligibility. If the evidence provided indicates a rental concession is appropriate, a delegated authority report will be submitted to the Chief Officer for Resources for consideration.
- 7) Rental Concession is permitted under the General Disposal Consent Order (Wales) 2003 and Local Government Act 1972 (Section 123) which permits disposal or occupation of an asset at less than best consideration where the Council considers the agreement to be in the interests of the economic, social and environmental well-being of the area and community it serves.
- 8) Award of the rental grant will be agreed by the Chief Officer for Resources, in consultation with the Head of Finance and Head of Landlord Services, and relevant Cabinet Member. The Head of Landlord Services will hold responsibility for the ongoing monitoring of community asset performance.
- 9) The grant will be awarded for a maximum of 3 years, reviewed annually. Tenants are able to reapply for rental grant within 3 months of the end of the period, at which point step 1 of the application process is recommenced.
- 10) Records of the rental grant award are held by the Finance Department, reviewed annually by the Landlord Services Leadership Team, such that the support afforded to community groups can be reported and acknowledged across financial years.
- 11) Successful applications will be invoiced for their contribution to the element of rental after deduction. Unsuccessful applications or occupiers who fail to comply with the requirements of the policy, will be invoiced in accordance with the market value.

Exceptions

- 12) In certain circumstances, it may be more appropriate that a community group or initiative hire part of a premises (e.g a room in a larger building) rather than occupy a whole property. In these circumstances, the same process would apply albeit the rental and contribution towards running costs should be proportional to the space occupied.
- 13) There remains a necessity for the group to occupy under an appropriate legal arrangement (licence) to clarify the responsibilities of occupier and landlord, and minimise risk to the authority of an unauthorised formal tenancy being created.

Appendix 3 - Community Asset Transfer Policy



Community Asset Transfer Policy



Community Asset Transfer Policy

The Asset Management Strategy and Community & Corporate Plan sets out the ambition to support community empowerment where possible. Community Asset Transfer Policy is a mechanism that enables local authorities to meet this ambition, utilising the powers of the General Disposal Consent Order to transfer ownership and management of buildings in its ownership over to community groups for less than best consideration.

The following document outlines the definition of Community Asset Transfer (CAT), the process by which CAT applications are submitted and considered, the criteria for eligibility and the supporting services associated and applications documented. This policy should be considered in parallel with the Rental Concessionary Policy., which outlines the process by which community groups can seek rental reductions on their tenancy agreements if achieving demonstratable outcomes:

1. What is Community Asset Transfer

Ystadau Cymru's Community Asset Transfer guidance note defines the aims of community asset transfer as "community empowerment by ensuring that land and buildings are retained and operated for public benefit through community management and ownership".

In essence it involves the transfer of the management / ownership of an asset from a public sector body to a community-based organisation e.g. a charity, community interest company or a Town / Community Council. The "transfer" of the asset can be achieved through either a freehold or long leasehold interest.

CAT's provide an opportunity for local authorities to find different ways to deliver local services, concentrating on efficiencies and cost savings over ownership.

2. Who is eligible to make a request for a community asset transfer?

CAT applications can be made by:

- Groups that are appropriately constituted e.g. a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company or a co-operative, or a Town or Community Council within the county boundary of Monmouthshire County Council
- Community initiatives (i.e a community or voluntary sector group with governance arrangements with strong links to the local community).
- The applicant/group must be explicitly for social benefit and members of a community that are able to influence its operation and decision-making process.
- The primary purpose of the organisation must be non-profit making, supported by business plan and track record of service delivery.
- Demonstrate that it has the skills and capacity to effectively deliver services and manage the asset to be transferred.
- Must be able to demonstrate the long-term sustainability of the applicant organisation.

3. In applying for CAT, applicants must:

- Complete the Expression of Interest application form, attached to this policy.
- Demonstrate that they have a clear understanding of the services they wish to deliver, how they will use the asset and improve access to services and facilities
- Evidence alignment to the Council's Community and Corporate Plan.
- A clear, viable and sustainable business plan. The required contents of the business plan are outlined in section 6.
- Evidence as to how they will fund the running and maintenance cost of the asset.
- Demonstrate the demand for the activities proposed, and how they will embrace diversity and work to improve community cohesion.
- Demonstrate tangible economic, environmental or social regeneration they will provide for community benefit as a consequence of the CAT.
- Have a clear management structure demonstrating how the premises will be managed on a day to day basis and consideration for compliance, health and safety and legislative issues will be managed.

4. What assets will be considered for CAT?

MCC retains the right to refuse any application for Community Asset Transfer. The Council will consider expression of interest for assets if:

- The asset is already identified as surplus and available for disposal
- The asset is already occupied by a community or voluntary sector group (as outlined under section 2).
- The asset does not form part of a larger commercial asset (e.g a property within a mixed use or larger asset with development value or potential).
- If the property is vacant, MCC will advertise the opportunity to submit applications for the site, such that all community interest groups are afforded equal opportunity.

Assets forming part of the operational or investment estate will not be considered (e.g residential properties, operational land of statutory undertakers, assets that not assessed to be community facilities, agricultural assets) unless declared surplus to requirements.

In circumstances where an eligible property is identified, MCC will prioritise long leasehold arrangements first and foremost (as an alternative to freehold transfer) when considering CAT applications, as this will enable greater influence on the future use of the building. In circumstances where a freehold transfer is warranted, applicants will need to demonstrate why a freehold transfer is necessary for the success of the project.

5. CAT applications assessment

CAT applications will be assessed based on their individual merit, the cost avoidance and community benefit as a consequence of the transfer. The business plan and associated information (as per section 3) will be assessed on:

- How the need for the proposed transfer and use of the asset has been identified

- Planned outcomes and benefits of the transfer (freehold or long leasehold). Is there a clearly defined purpose and objective of the organisation and how CAT would support these?
- How will the success of the transfer be measured – i.e. what will be different and how will it be measured.
- Finance modelling, including 5 year revenue and capital funding plans. This should be inclusive of rent, rates, utilities, telephone & broadband, insurance, repairs, staffing, refurbishments and building improvements, H&S legislation, access for all, etc.
- Type of transfer sought and why i.e. freehold or long leasehold
- Any sources of finance including grants that the asset transfer will enable. Capacity building and how this will be delivered.
- Scope for collaboration, i.e. are there other community groups that could share the accommodation, or other groups operating in the area this proposal would conflict with? Are there already similar services being provided?
- Details of how the proposed use will be monitored and proposed arrangements in the event that the transfer is not sustainable.
- Risk log

Applicants should reflect on the above criteria prior to applying for CAT. Guidance notes are available on the formulation of the business plan and other considerations for application.

6. CAT Award

CAT applications will be assessed by the Estates Department, who hold primarily responsibility for management of the estate and provide recommendations relating to the disposal or use of property. A fair, transparent and consistent approach to CAT applications will be applied, with the acknowledgement each asset also has its own considerations, assessed against the criteria set out in this policy document. In considering the suitability for CAT, consideration will be given to the assets alternative use and development potential.

Following receipt of the business case, the Estates Department will provide recommendations to the Chief Officer for Resources and the appropriate decision-making function as per the constitution (ICMD, Cabinet, Full Council) for consideration. Officers will engage with the local ward member on applications relating to assets in their ward.

In circumstances where multiple organisations have evidenced an ability to operate via CAT, collaboration will first be encouraged between partners.

Given the obligation on the Council to achieve maximum financial value (i.e best consideration), any transfer will be undertaken on the basis of full market value, however a sale or long leasehold interest can be undertaken at less than best consideration in accordance with the General Disposal Consent Order(Wales) 2003, subject to being satisfied that the sale / lease will result in long term sustainable local social, economic or environmental benefits. Any proposed transfer at less than best price will be subject to an independent valuation. Should a freehold transfer be agreed the legal title will contain a series of clauses designed to safeguard the long term future of the building which will include a restrictive covenant, claw back clause and right of pre-emption.

7. Application process

Sections 1 to 6 of the policy sets out the definition of CAT, the criteria by which a community group can apply and the evidence required to submit a CAT application. The stages associated with the application process are outlined below:

Stage 1 - Expression of interest received for CAT

- Landlord Services' Estates Department will access the property proposed against the eligibility criteria.

Stage 2 - Community group/applicant invited to apply for CAT by submitting application form and business plan

- The formulation of the business plan will be supported by Community colleagues in Communities and Place directorate.

Stage 3 - Evaluation and Council consultation on submission/decision

- Recommendations will be made based on assessment against Sections 4 and 5 of this policy. A recommendation will be made to the Chief Officer for Resources and appropriate decision making body for consideration.

Stage 4 - Decision on proposed transfer

- If its determined the application does not meet the criteria the applicant will be provided feedback.
- If successful, legal will be instructed.

It is acknowledged that not all applications will progress and that many application processes can occur over a number of years. A register will be kept of enquiries and successful CAT's monitored to assess the achievement of the desired outcomes.



Community Asset Transfer – Stage 1 - Expression of Interest

Stage 1 of the application process has been designed to assess whether the application will meet the Council’s eligibility criteria, as set out in the Community Asset Transfer Policy. All of the information below is required to assess the suitability of the applicant and property for Community Asset Transfer.

Applicants that meet the Council’s suitability criteria will be invited to progress to Stage 2 of the application process, and submit a formal business plan and supporting evidence to support consideration of the application.

It should be noted that completion and submission of Stage 1 form does not guarantee or bind the Council to progress to Stage 2 of the CAT application process.

1. Please provide details of the organisation making the application

Name of Organisation:	
Address of Organisation	
Contact Name:	
Position:	
Telephone Number:	
Email Address	
Date:	

2. Type of organisation

What types of organisation are you e.g. registered charity, CIC?	
Do you have a formal constitution, governance document or set of rules?	

If you are not currently established please outline the type of organisation you are considering establishing – registered charity, company limited by guarantee?	

3. What is the structure and purpose of your voluntary or community organisation? (If you are not established and set up at the moment please indicate what you think the structure will be)

How many people are involved in your organisation?	Management Committee	
	Full Time Employees	
	Part Time Employees	
	Volunteers	
When was the organisation established?		
What is the purpose and main activities of your organisation?		
Does your organisation have experience of managing an asset? If yes please provide details		

4. Please tell us about the asset (land or buildings) you are interested in?

Name and address of asset	
---------------------------	--

If this is a speculative application please provide details of the type of asset and location required	
Type of transfer you are interested in including level of discount and proposed length of lease Lease or freehold transfer?	

5. Please tell us about the proposed use of the asset
(please continue on a separate sheet if required but no more than one side of A4)

What do you want the asset for?	
What benefits will this bring to the organisation, the local community and the Council?	

7. Please tell us about any partners, collaborators and stakeholders

<p>If you are proposing any arrangements with public sector or other third sector partners please provide details.</p> <p>Summary of any community consultation undertaken regarding the proposal</p>	
<p>If this application is in respect of an asset with existing users, please provide written evidence from them that they are aware of this application</p>	

8. Finance

<p>Is there any finance/ funding in place to support the application?</p>	
<p>Have you (or any partners) experienced any financial or legal issues which could impact on the operation of the facility e.g. bankruptcy, county court judgements, legal disputes or similar?</p>	

The Council reserves the right to check the accuracy of the information submitted within the Authority and with other agencies:

Please return the completed form to:

Estates Department, Monmouthshire County Council

Email: estates@monmouthshire.gov.uk

Appendix 4 - Disposal Policy



Disposal Policy



Disposal Policy

The Asset Management Strategy acknowledges a need for assets to achieve a range of objectives. In circumstances where properties are considered to not meet these objectives, 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. The following policy establishes the criteria by which disposals are undertaken, the protocol and relevant legislative requirements.

Introduction

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 objectives and requirements for best consideration, whilst supporting the Council's objectives as per the Community & Corporate Plan and Asset Management Strategy.

The following policy sets out the core principles to be applied when disposing of property. Whilst a consistent approach will be taken wherever possible, it is acknowledged that each asset should be assessed on its own merits and disposal undertaken in accordance with that portfolio and circumstances.

Legal Background

When disposing of property assets, the Council is obliged via S123(2) of the Local Government Act 1972 not to dispose of land for a consideration less than the best that may reasonably be obtained.

Best consideration is defined as the amount that would be received for a disposal of a property where the principal aim of is to maximise the value of the receipt.

The General Disposal Consent Order 2003 (Wales) gives LAs the ability to sell an asset for less than best consideration where the reduction in value is £2,000,000 or less and the authority considers that the disposal is in the interests of the economic, social or environmental wellbeing of the whole or any part of its area or any or all person's resident or present in the area. When disposing of land, the General Disposal Consent Order should only be accessed when subject to clear justification, evidenced through the required delegated authority report or decision-making body.

Disposal Protocol

Should an internal occupier of MCC property determine that an asset is no longer required for their service, the Chief Officer of the occupying service area should liaise with the responsible Cabinet member to declare the asset "surplus".

Consultation should be undertaken with the Estates Department in Landlord Services, who will seek to determine whether any alternative internal use is required (e.g. other services or occupiers). Representations to occupy property should be made to the Capital and Accommodation Working Groups (as per the 'Processes' section of the Asset Management Strategy).

In circumstances where an asset has been determined to be surplus to requirements and not have a justifiable internal need, assets may be disposed of in accordance with this policy. Option appraisals will be produced to inform any assessment of need and use where multiple have been identified.

Declaring an asset surplus to requirement will require Cabinet approval, whereupon the management of the asset will transfer to the Estates team. Associated holding costs (utilities, rates, disposal costs) should be secured as part of the Cabinet decision process.

Disposal of an Asset

The Council is obliged via S123(2) of the Local Government Act 1972 not to dispose of land for a consideration less than the best that may reasonably be obtained. In circumstances where a property has been declared surplus and is to be disposed of, the asset should be added to the capital receipt forecast.

The disposal of assets is managed by the Estates Development Team.

Community groups will be afforded the opportunity to bid for property, however it should be noted that the eligibility and justification for occupying an asset (freehold transfer or long leasehold) will be considered in accordance with the Community Asset Transfer policy. Ward members should be contacted prior to marketing of the site, such that local community groups can be notified where interest exists, or local intel considered.

Wherever possible, disposals should be advertised on the open market and on terms that will result in best consideration. Obligations included within sales contracts should reflect the council's policy objectives and pursue opportunities to enhance social outputs.

The Estates Development Team will seek to include restrictive covenants and overages in terms of sale, such to protect the council's interest and intended use at the point of sale.

Disposals can be undertaken to facilitate a range of activities, including residential and commercial development, low carbon or net zero development, provision of services normally undertaken by the council, tackling local social issues, environmental enhancements, reducing fuel poverty, support local economic base, facilitating inward investment, etc.

The need to seek best consideration however has to be measured against wider social needs. Decisions to declare assets surplus should be supported by a robust options appraisal, such that consideration can be given on balance and with an acknowledgement of the alternative means by which the Council can reduce its operational costs and liabilities.

The Estates Development Team will provide recommendations to the authority on the best alternative use of the asset or development potential. In circumstances where the disposal is considered specialist or requiring broader marketing, external agents can be accessed to facilitate the disposal.

Officers should seek to enhance the value of assets wherever possible, including the commissioning of surveys and securing planning consent wherever possible to reduce the development risk and uncertainty for prospective purchasers, thereby increasing the capital value.

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REPORT

SUBJECT: Investment Committee Review

MEETING: Performance & Overview Scrutiny Committee

DATE: 15th January 2024

DIVISION/WARDS AFFECTED: All

1. PURPOSE:

- 1.1 To provide members of the Performance & Overview Scrutiny Committee with an update on proposed governance changes to the Asset Investment Policy, together with a performance update on the Council's commercial property and investment portfolio.

2. RECOMMENDATIONS:

- 2.1 To receive a verbal update at the meeting following consideration of the proposed governance changes to the Investment Committee at its meeting on 9th January 2024.
- 2.2 To consider and scrutinize the proposed, revised governance arrangements contained in the revised Asset Investment Policy (appendix 1) and summarized in section 4 of this report, and to endorse or otherwise such changes being proposed to Council at its meeting on 18th January 2024.
- 2.3 To receive a performance update on the Council's commercial property and investment portfolio, subsequent to update considered by the Investment Committee on 28th November 2023.

3. KEY ISSUES:

Background

- 3.1 In May 2018, Council approved a revised Asset Management Strategy, which included an Asset Investment Policy designed to optimize returns from the Council's investment portfolio, including the acquisition or development of new assets or other commercial opportunities.
- 3.2 The purpose of the policy was to support the Council delivering against its core policy objectives whilst helping sustain Council services and enhancing its asset base. The policy provides a framework to enable the acquisition of

commercial assets to increase net rental income streams and realise capital appreciation opportunities.

- 3.3 The Asset Investment Policy outlined the criteria for evaluation of commercial and property investments, measured against the potential income generation opportunities to satisfy the Council's then Corporate Plan and in supporting its wider budget framework.
- 3.4 The policy set out the need to seek out investment opportunities within Monmouthshire, the City Deal region and neighbouring areas of economic influence, which supported the Council's economic and regeneration priorities. The policy enabled the Council to identify investment opportunities beyond our county boundary that met the investment criteria as well as identified different types of investment that would diversify the portfolio and minimise risks by both sector and location.
- 3.5 Alongside the policy, the Council at that time approved £50,000,000 of prudential borrowing that could be used to acquire or invest over a three-year period. The cost of borrowing is serviced by the resulting rental streams, with a requirement that it should provide a net surplus over and above borrowing costs.
- 3.6 The Investment Committee, which currently presides over the monitoring of performance updates, is made up of the Council Leader, Deputy Leader, Cabinet Member for Resources and Leaders of the two largest opposition parties. The Committee is advised by the Deputy Chief Executive (s151 officer for the Council) and officers from Finance, Landlord Services and Legal Services. When previously considering acquisitions or investments, specialist advisors have been used to supplement internal capacity and expertise as appropriate.

The Asset Investment Policy

- 3.7 The Asset Investment Policy sets out the framework and governance criteria for the management of the investment portfolio. The policy stipulated that the returns must exceed borrowing costs by a minimum of 2% per annum and over its expected lifetime (ROI). The Asset Investment Policy enables individual investments to provide a lower return (i.e. below 2%) if investments can demonstrate economic development opportunities for Monmouthshire or alignment to other policy objectives. However, in such circumstances borrowing costs must at least be covered.
- 3.8 All business cases received by Investment Committee considered the known risks at the time of the investment, together with the proposed mitigating action and potential exit strategies.

- 3.9 The Investment Committee has been responsible for making decisions on possible investments based on the business cases presented, ensuring that they met the criteria as set out in the Asset Investment Policy. In addition, the Committee has been responsible for ensuring that the assets are effectively managed, performance is monitored, and performance reviewed via an annual report to the Governance and Audit Committee.

Proposed Governance Changes

- 4.1 The Governance & Audit Committee received the last performance review of investment committee in November 2022. That update provided information on the local and national context and that included the strengthening of the Prudential Code and following moves by UK Treasury and the DMO (Debt Management Office) in restricting lending for commercial investments being entered into primarily for yield.
- 4.2 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.
- 4.3 As previously stated the Investment Committee established in 2018 to manage the investment portfolio had delegated authority to acquire or invest over a three-year period against a £50,000,000 fund established through approved prudential borrowing.
- 4.4 All three investments made by the Investment Committee to date had been made within the three-year period, the last of these in March 2020. The three-year period approved by Council in May 2018 has now lapsed. The expiry of this period and changes to the Council's commercial investment risk appetite has warranted a review of the governance arrangements around commercial activity, including the choice of appropriate fora to consider performance updates of the investment portfolio.
- 4.5 Furthermore, there remains a pause on further commercial investment activity and that has continued due to the ongoing market volatility since the start of the pandemic.
- 4.6 As a result of the Council's risk appetite and the ongoing strain on its financial standing any further 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.

- 4.7 If any future investment considerations are intended to deliver against direct policy objectives of the Council then it naturally prompts for the current governance arrangements and Asset Investment Policy to be reviewed.
- 4.8 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.
- 4.9 To the extent that an investment proposal contains commercially sensitive information then either the whole or part of the report can be considered to be exempt from the press and public.
- 4.10 Notwithstanding this it is proposed that the Investment Committee, as an existing sub-committee of Council, is 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.
- 4.11 It is proposed that the role of 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.
- 4.12 Furthermore it is proposed that 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.
- 4.13 The Asset Investment Policy and the associated terms of reference for the Investment Committee have been updated on this basis and are shown in appendix 1.
- 4.14 In order to ensure that effective consultation takes place the changes outlined in this report will be considered by Investment Committee, and then subsequently Governance and Audit Committee, and Performance and Overview Scrutiny Committee ahead of being presented to Council for consideration. Feedback will be provided at Council and to the extent of confirming that proposed changes are supported or otherwise.

Investment Performance Update

5.1 The Investment Committee received performance updates in July and November 2023, and January 2024. A summary below sets out the performance of Castlegate Business Park and Newport Leisure Park investments for the previous and upcoming financial years. It illustrates the impact of the pandemic on both assets, and the improving performance following lettings at both sites:

	Castlegate Business Park	Newport Leisure Park
ROI at time of acquisition	3.76%	2.11%
ROI as of 22/23	-6.58%	0.01%
ROI as of 23/24 (Nov 23)	-2.85%	1.13%
Forecast for 24/25	0.43%	2%
Occupancy at time of acquisition	95%	100%
Occupancy as of 22/23	75.7%	97%
Occupancy as of 23/24 (Nov 23)	85.6%	97%

5.2 Figure 1 above captures a summary of the financial performance of the investment portfolio. This equates to a £363,474 improvement in the performance of the investment portfolio from 22/23 to 23/24. Both Castlegate Business Park and Newport Leisure Park (NLP) are projected to generate a net surplus, after borrowing repayments, in 24/25.

5.3 The 24/25 forecast is based on the expiry of rent-free periods or uplifts (i.e. stepped rentals) captured within existing lease agreements. The forecast does not reflect the anticipated positive effect of any additional vacant space being let.

Castlegate Business Park

5.4 Castlegate Business Park was acquired in June 2018 for £7million together with a service charge loan of £900k and associated acquisition costs. The asset consists of mixed office and production/warehouse space amount to circa 217,000 sqft situated in 18 acres of land adjoining the Caldicot settlement.

5.5 A new letting to Wunda Group, the largest single occupier of the property, has reduced the vacant space by a further 22,336 sqft. Combined with a small letting to an existing occupier, this has reduced the vacant space from 52,765 sq ft as of December 22 to 29,933 sqft as of November 23. The letting has also secured an extension to the remaining term of Wunda Group's existing occupancy.

5.6 To assist with reducing the vacant space and tailor to smaller occupiers, a marketing campaign has been launched for 'MonSpace', a flexible co-working environment from which meeting rooms and office spaces can be

hired on flexible terms. Unit 120 consists of 9 suites that lend themselves to this arrangement. Two of the suites have been let including to a local businessman and Caldicot Town Council (who are seeking temporary accommodation whilst their existing premises is refurbished). These lettings are contributing a rental income to MCC and reducing our service charge, business rates and utilities liability.

- 5.7 Given that the asset currently performs below the 2% above borrowing criteria as set out in the asset investment strategy, Investment Committee has been obliged to review the retention of the asset and consider its disposal. On balance, it is the recommendation of officers that Investment Committee continue to hold this asset to retain a strategic employment asset, on the understanding of having continued to secure new lettings and increased the rent roll, reducing MCC's service charge, business rate and utilities liability. The asset continues to support policy objectives around employment space and business development, and the financial liability to the authority continues to reduce as the asset's net contribution to the authority is improving, with a project net return by 24/25 without any further lettings.

Newport Leisure Park

- 5.8 Newport Leisure Park was acquired in March 2019 at a cost of £22.5million. It is situated on the Newport/Monmouthshire border and comprises of a mix of six restaurants, two retail units and three leisure units within an 11 acre site. At the time of acquisition, all of the units were let on the basis of long leaseholds with no rental or service charge arrears.
- 5.9 Since the last performance update in November 2022, MCC have secured new tenants for Unit 2 with a letting to Active Parks Limited, trading as Innoflate. A letting of Unit 5 has also been completed to Magic Bean Company (Starbucks) who have completed construction of a drive-through and commenced trading in September 23.
- 5.10 There is one remaining vacant unit on the property. Unit 6 is being marketed and negotiations are ongoing with a prospective occupier. One tenant is in arrears and we are engaging in discussions with them on debt repayment or commencement of recovery proceedings.
- 5.11 Unit 1 (let to Cineworld) continue to satisfy their lease and rental obligations in full. On August 1st the Cineworld Group emerged from its Chapter 11 bankruptcy notice, reducing their debt and introducing a new management structure and board. There has been no indication that Cineworld will elect to close their cinema at NLP, however we continue to monitor the situation closely.

5.12 Whilst it is recognized that the ROI is below that of the 2% target as per the asset investment policy, it is recommended that the asset is retained, as the Leisure Park continues to generate a strong net return to MCC. Any sale is likely to also result in a depreciated capital value due to the reduced rent roll and limited investment activity in the sector at this time.

Broadway

- 5.13 In March 2020, on the basis of the completed due diligence and legal negotiations, the Council agreed to provide loan funding to Broadway Partners Limited (through a Special Purpose Vehicle or SPV: 'Monmouthshire Broadband Limited') which had the aim of supporting the construction of a broadband network across Monmouthshire to improve digital connectivity for rural businesses and residents.
- 5.14 Loan funding of £1.9 million was approved for a 10-year term, secured against the network assets held and created by the investment made by the SPV. Furthermore, an unsecured revolving loan facility of £300,000 was provided to Broadway Partners Limited to assist the company in overcoming cash flow delays resulting from delays in UK Government gigabit voucher scheme payments.
- 5.15 Monmouthshire Broadway Limited drew down two of the four tranche payments, total amount £1.15 million, of the £1.9 million total secured loan, repaying the loan plus SONIA-linked interest on a monthly basis, in accordance with the provisions of the Facility Agreement.
- 5.16 In October 2021, Broadway Partners secured consent from the Council to grant security to its new investors – Downing LLP – who sought to invest £145 million in the company to enable it to deliver full-fibre broadband to 250,000 premises in rural communities.
- 5.17 In November 2021, Broadway Partners repaid in full and with the necessary interest the balance of the revolving loan facility and gave the requisite notice that they wished to close the facility.
- 5.18 Unfortunately, on the 31st May 2023, Broadway announced that administrators had been appointed to enable them to restructure the business and a sales process to be undertaken. During this period, Broadway continued to trade and provide their usual services to both new and existing customers on their high-speed fibre network.

- 5.19 Upon the company going into administration the total principal balance of the MBL loan outstanding was £745,370.42, along with accrued interest outstanding.
- 5.20 Council officers worked constructively with the appointed administrators over a period of months and which culminated in a new buyer (Voneus Limited) being secured for Broadway Partners Limited. As part of the sale the Council was able to secure full repayment of the outstanding loan with MBL, together with all associated interest and costs incurred.
- 5.21 The Council no longer has any further financial exposure as a result of the administration process concluding itself. The Council will continue to separately support Voneus Limited with its plans to rollout full fibre broadband connectivity across Monmouthshire and as these become clearer.

Commercial Portfolio

- 5.22 The Council's industrial portfolio comprises of 40 units ranging in size from 365ft² to 2,850ft² located within Caldicot and Raglan. Currently the portfolio is 100% let and there are aged rental arrears in the region of £5k. A number of lease renewals are under negotiation at Old Pill Farm Industrial Estate which are anticipated to increase rentals.
- 5.23 The retail portfolio is made up of 23 secondary neighbourhood units, which are a combination of freehold and long leasehold tenures. The portfolio is 95% let, with a small number of voids at Hanbury House in Chepstow. The former OSS and hairdressers at Monmouth Market Hall is being advertised for prospective tenants.
- 5.24 Innovation House, Magor is categorised as an investment asset with an income target of £156,000. The ground and first floor had been let as a Welcome Centre as part of MCC's Ukrainian Relief efforts. The second-floor larger wing was vacated in November 23 by BAM Nuttall. The second-floor small wing remains occupied. Following withdrawal of the Welcome Centre, the offices continue to be marketed. Heads of Terms have been received from a prospective occupier, with negotiations ongoing regarding a potential co-working operator.
- 5.25 There are £9k of arrears for County farms, relating to one farm in Leechpool. Site visits have been arranged to discuss options with the tenant. Significant rental uplifts have been achieved across multiple recent farm lettings. Another farm is scheduled to be vacated in April 2024, where there is also confidence of an increased income following re-letting.

5.26 Income from the Council's solar farm is currently forecast to meet the projected income target based on current performance and market rates for the sale of energy. Weather, grid outages and unforeseen maintenance issues may impact the final position.

6. OPTIONS APPRAISAL:

6.1 The report is not a decision-making report. The report represents a performance review of the Investment Committee, proposed governance changes and update on the performance of the portfolio. Therefore, no option appraisal is required.

7. REASONS:

7.1 The Asset Investment Policy requires an annual performance review of the Investment Committee to be undertaken in order to ensure that the governance arrangements, policy documentation and legislation are being adhered to and reviewed and revised as required. This report proposes governance changes that result in responsibilities for performance monitoring and scrutiny transferring to the Performance and Overview Scrutiny Committee.

8. RESOURCE IMPLICATIONS:

8.1 The three investments acquired since the introduction of the Asset Investment Policy in 2018 are the acquisitions of Castlegate Business Park and Newport Leisure Park, and the investment in Broadway Partners Limited. £30.7m of the £50,000,000 prudential borrowing fund had been spent on these three investments. Any costs of due diligence and advice incurred exploring other commercial investment opportunities have been met from existing revenue budgets.

8.2 As a result of the investments, budgeted income targets have been introduced. Since the time of purchase, the budgeted income targets have been reduced to reflect the expected short-term rental reduction as a result of the Mitel surrender at Castlegate and a turnover of tenants at NLP. As a consequence, the £609,000 original budget surplus has reduced to £217,000 in 2023-24. The latest Month 6 projections estimate a net surplus on NLP of £291,000 and a deficit of £216,000 on Castlegate, a combined surplus on both investments of £75,000 resulting in an in-year forecast budget pressure of £142,000.

8.3 As a consequence of the lettings to Wunda Group but ongoing rent-free period of Unit 5, the ROI's for both investments have improved to 0.43%

and 2% respectively. It is forecast that both assets will return to a net return for MCC for the 24/25 financial year.

- 8.4 The capital values of both assets continue to be impacted by the respective sectors however an improving rent roll is resulting in capital appreciation. There are no significant arrears at Castlegate Business Park. One occupier of Newport Leisure Park is in arrears and discussions are ongoing with the tenants to establish recovery plans.
- 8.5 In terms of loan funding provided to Broadway Partners Limited, through a Special Purpose Vehicle 'Monmouthshire Broadband Limited', a positive outcome resulting from Broadway Partners Limited going into administration has led to a full repayment to the Council of the total principal balance of the loan outstanding of £745,370.42, along with all accrued interest due. The Council no longer has any further financial exposure as a result of the administration process concluding itself.

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

There are no equality and Future Generations implications arising from the purpose of this report. This report provides a performance review of the Investment Committee together with proposed changes to future governance arrangements.

10. CONSULTEES:

Stacey Jones – Finance and Resources Manager
Joanne Chase – Head of Commercial Law

11. BACKGROUND PAPERS:

Appendix A – Asset Investment Policy – as revised December 2023

12. AUTHOR(S):

Peter Davies – Deputy Chief Executive (S151 Officer)
Nicholas Keyse – Estates Development Manager

13. CONTACT DETAILS:

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Appendix 1 – Asset Investment Policy (Updated Dec 2023)

1. Introduction

In common with all public bodies, the Council has a property portfolio, which is used to facilitate service delivery and deliver corporate objectives. The Council has been driving down running costs through the rationalisation of its operational estate and enabling staff to work remotely. Whilst this process will continue to seek efficiencies, it is limited to cost avoidance and efficiency savings. This policy is concerned with supporting economic and regeneration policies through prudent investments, and which in turn may generate a net revenue return to the Council.

It is recognised that there has been significant scrutiny over public agencies acquisition of commercial portfolios funded by borrowing or capital reserves. This has led to government intervention and that has placed restrictions on Councils in so far as they must not borrow to invest for the primary purpose of financial return.

This policy will outline the system process that will ensure that investments are prudent, decision-making is transparent, there are defined performance and risk management frameworks in place and accountability is embedded within the governance arrangements.

2. Objectives of the policy

- 2.1 To invest in opportunities within the County of Monmouthshire to support economic and regeneration policies, support job and wealth creation and improve the opportunities for Monmouthshire citizens.
- 2.2 To invest in opportunities within the Council's immediate geographical boundary and neighbouring areas of economic influence which will support the Council's economic and regeneration priorities.
- 2.3 In so far as investments generate a net revenue surplus that they help sustain Council services and in supporting Council priorities.

3. Purpose of the Policy

- 3.1 The policy sets out the arrangements by which the:
 - Council and, as necessary, Investment Committee will assess investment opportunities
 - Performance and Overview Scrutiny Committee will assess subsequent performance and risk management
 - Governance & Audit Committee will seek assurance on overall governance arrangements
- 3.2 Investments that fall within the scope of this policy are:
 - Commercial investments through the provision of commercial loan facilities
 - The use of investment funding to acquire, build or renovate investment portfolio holdings

- Investments within equity or debenture interests.
- 3.3 All commercial investment opportunities will need to be the subject of a Business Plan which evidences that the specified financial and investment criteria set out in this policy are met.
- 3.4 The principal purpose for undertaking commercial investments will be to improve the financial, environmental or social wellbeing of the Council and its communities. Consideration will be given to the sustainable development principles within the business case and where possible the identification of options to reduce the existing carbon and environmental impact of potential investments.

4. Powers to acquire land and property assets.

Power to acquire and hold assets

- 4.1 The 1972 Local Government act provides the authority for local government to both acquire and dispose of property assets. S120 deals with the acquisition of assets as follows:

S120 Acquisition of land by agreement by principal councils.

(1) For the purposes of—

(a) Any of their functions under this or any other enactment, or

(b) The benefit, improvement or development of their area,

(c) A principal council may acquire by agreement any land, whether situated inside or outside their area.

- 4.2 Well-being powers

Section 2 of the Local Government Act 2000, gives local authorities the power to do:

1) Anything which they consider is likely to achieve any one of the following objects:

(a) The promotion or improvement of the economic well-being of their area,

(b) The promotion or improvement of the social well-being of their area, and

(c) The promotion or improvement of the environmental well-being of their area

Section 2 (4), of the act provides local authorities with the ability to incur expenditure, give financial assistance, enter into arrangements or agreements and provide goods services and accommodation.

The Council has previously obtained specific advice and legal counsel on the application of these powers to acquire investment assets, which has confirmed that a direct benefit to the citizens of Monmouthshire needs to be accrued from the acquisition of the assets which can be tangible i.e. the provision of new facilities, or intangible i.e. funding service delivery.

General Power of Competence

Chapter 1 (part 2) of the Local Government and Elections (Wales) Act 2021 introduced the general power of competence powers for principal councils in Wales and which have been enjoyed by English authorities since the introduction of the Localism Act. These powers enable qualifying

councils to ‘act in their communities’ best interests’ without the need to identify specific legislative powers to undertake a particular activity. The Act sets out the boundaries of the power and the limits on charging and use of the power for commercial purposes.

The power enables councils to be more innovative and lend or invest money; or setup a company or co-operative society to trade and engage in commercial activity. Use of the power is not restricted to the geographical area of the authority or for the benefit of its residents.

Power to borrow

- 4.3 The power to borrow is provided via S1 of the 2003 Local Government Act. This determines that borrowing may be undertaken;
(b) For the purposes of prudent management of its financial affairs provided it does not exceed its affordable borrowing limit under s.3 Local Government Act 2003 (s.2 (1) and 2(4))

A number of English Authorities have sought advice on the extent of this power and whether it confers the right to borrow money for purely financial purposes. This is yet to be tested in the Courts; however, Welsh Government proposals seem to infer a greater degree of freedom than that afforded by the Localism Act, which confers the general power of competence to English authorities.

The Prudential Code, as updated in 2021, looked to address some of the wider concerns and where a small number of Councils had overly exposed themselves when entering into commercial investments. The Code requires the risks associated with investments for commercial purposes are proportionate to the Council’s overall financial capacity (i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services and the level of resources available to the organisation). The Code goes further to state that an authority must not borrow to invest primarily for financial return, unless directly and primarily related to the functions of the authority.

The UK government’s rules for access to PWLB lending now require statutory chief finance officers to certify that their local authority’s capital spending plans do not include the acquisition of assets primarily for yield, reflecting a view that local authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, rather than to add debt leverage to return-seeking investment activity.

Authorities with existing commercial investments (including property) are not required by the updated Prudential Code to sell these investments. Authorities may carry out prudent active management and rebalancing of their portfolios. Authorities with commercial land and property may also invest in maximising its value, including repair, renewal and updating of the properties.

5. Financial Criteria

- 5.1 Commercial investments will be expected to meet the criteria set out below; investments outside these criteria will require approval by Cabinet with a supporting business case and reasons for deviating from the agreed protocols.

Criteria	Measure
Minimum Return	2% benchmark net return on investment per annum and over its expected lifetime (to determine this the costs of borrowing will be deducted from the gross income received).

	Where the acquisition will result in net economic growth to Monmouthshire (through the provision of jobs, additional employment floor space, local regeneration or any other measurable community benefit) a lower return can be considered, but the return cannot be lower than 0% after borrowing.
Target annual return	7% per annum, to be reviewed annually to reflect prevailing market conditions
Minimum Repayment Provision (MRP)	To be assessed on a case-by-case basis by reference to the economic life of the asset or commercial loan term. In all cases, the MRP will not exceed 50 years.
Environmental Impacts of the proposed Investment	The proposed investment will need to quantify the baseline position and identify opportunities to reduce the environment impacts.

6. Investment Criteria

Property Investments

6.1 All proposed land and property acquisitions are to be undertaken by the Council's Estates team or its appointed agents in accordance with prevailing legislation and the codes of practice of relevant professional bodies. All valuations must be undertaken by a qualified¹ member of the Royal Institution of Chartered Surveyors with knowledge of the relevant local and specialist markets.

6.2 All potential acquisitions will be assessed against the following Investment Criteria:

- Location
- Quality
- Tenure
- Title
- Portfolio blend
- Covenant strength and security of income
- Income and capital growth potential
- Potential landlord liabilities
- Identifiable risks & portfolio blend
- Development and added value opportunities
- Economic, regeneration and other key Council priorities
- Market and sectoral conditions
- Independent Valuation
- Environmental impact and sustainable development principles
- Potential exit strategy
- Sinking fund requirement

6.3 If consent is being sought to undertake borrowing to refurbish or develop a property asset a business case will be developed which considers the investment criteria set out in 6.2 above. In addition it will need to outline:

¹ MRICS or FRICS

- Statutory consents required to enable the development and the outcome of any initial investigations
- Anticipated development/ refurbishment costs
- Programme timescales
- Clarification how debt repayments will be funded in advance of rental returns.

Commercial loans, Debenture or Equity Interests.

- 6.4 All proposed commercial investments will be led by the Council's Finance Department or its appointed specialist technical advisors in accordance with prevailing legislation and the codes of practice of relevant professional bodies.
- 6.5 All potential investments will be assessed against the following investment criteria:
- Financial standing of the proposed borrower
 - Company gearing and assets
 - Payback periods and affordability
 - Opportunity to protect investment through charges over residual assets, IPR, contracts etc.
 - Potential step in rights
 - Viability of investment purpose and market competition
 - Loan to value ratio
 - Potential risks
 - Environmental impact and the sustainable development principles
 - Potential exit strategy
 - Sinking fund requirement

7. Governance Criteria

- 7.1 It will be a matter for full Council to determine whether an investment proposal is to be considered by the Investment Committee before returning to Council for further consideration. Council approval will be needed for any associated cost of due diligence, and to the extent that this cannot be funded from within the Council's existing approved budget.
- 7.2 The Investment Committee will be comprised of the Council Leader, Deputy Leader, Cabinet Member for Resources and the Leaders of the two largest opposition parties (political balance 3:1:1). The Committee will be advised by the Deputy Chief Executive (s151 officer) and officers from Finance, Estates and Legal Services together with specialist technical advisors.
- 7.3 The terms of reference, which will govern the operating practices of Investment Committee, are set out in Annex 1. Three members of the Investment Committee or their nominated deputies will need to be in attendance for the meeting to be quorate.
- 7.4 A minimum of a two-stage process will be adopted by Investment Committee when considering any investment proposals.
- 7.5 Investment Committee will need to assess their training needs to ensure that they are suitably equipped to challenge and scrutinise investment proposals. Wider consideration will need to be

given to officer capability, capacity and experience and to the extent that third party advice is needed.

Stage 1

- 7.6 An initial business case is to be prepared which considers the financial and investment criteria set out in this policy. Provisional heads of terms, dependencies, anticipated timescales and potential risks should also be contained in the report.
- 7.7 The business case will be presented to the Investment Committee for approval to incur costs to undertake the due diligence necessary to substantiate the provisional proposal and recommendations.

Stage 2

- 7.7 Following the completion of due diligence, a final business case will be prepared. If the proposed investment remains prudent and in line with investment and financial criteria the business case will be presented to Investment Committee for consideration. Investment Committee will then make recommendation to full Council.
- 7.8 Officers will provide six-monthly investment portfolio performance and risk data to Performance and Overview Scrutiny Committee members to evaluate.
- 7.9 The Governance and Audit Committee will seek ongoing assurance on overall governance arrangements of commercial investments as part of the Council's overall land and property portfolio.

8. Review Principles

- 8.1 Six monthly performance data will be presented to the Performance & Overview Scrutiny Committee to evaluate performance against the financial criteria and business case projections. If this data illustrates that an investment is deemed to be underperforming or fails to meet any debt repayment costs, a review will be undertaken to determine:
- Wider prevailing market conditions and the impact on the investment
 - The potential to increase the revenue generated or reduce holding costs
 - The anticipated sale value of the asset
 - Opportunities for debt refinancing
 - Opportunities for step in
 - Residual value against outstanding borrowing
 - Consideration whether the circumstances are short, medium or long term and the potential for recovery
- 8.5 If it is determined that the asset's sale will realise a net value in excess of the initial investment with little potential to further increase revenue returns then the asset may be sold. In circumstances where the net sale value will not meet the initial investment, the asset should be retained and actions taken to increase the capital value. In circumstances where external factors (market conditions, changes to legislation, etc.) restrict the ability for the asset to recover this value, disposal may be considered.

- 8.6 All income and expenditure from property assets will be managed by the Estates Team and commercial loans by the Finance Department.
- 8.7 Where a property investment requires specific expertise, external agents may be instructed to manage the asset on the Council's behalf. If costs cannot be recovered from service charges, they will instead be deducted from the gross annual return.

9 Risks

- 9.1 As with all investments, they will be subject to fluctuations in market conditions and external factors. All investments will be considered against the security, liquidity, yield principles acknowledging that there will be variations between commercial loans, which are likely to be more liquid than property assets and have shorter paybacks. They are however unlikely to be secured against tangible assets as opposed to property investments, however their payback periods will be longer. An ongoing assessment of risk will need to be undertaken for all such investments.
- 9.2 Illiquidity - In the event that a property needs to be sold to generate capital funds, the disposal process may take an extended period of time to complete, dependent on the prevailing market conditions and the need to secure best value consideration upon disposal.
- 9.3 Commercial property will require management to safeguard the physical condition of the asset and the landlord tenant relationship. Regardless of contractual arrangements, there will always be the risk of tenant default.
- 9.4 In the event of a market downturn, it is likely that rental streams will reduce and voids may occur. This may result in the costs of borrowing exceeding revenue received; this risk can be in part mitigated through the creation of sinking funds for each investment. This is where a portion of the surplus income is ring fenced to the asset and used to fund unexpected maintenance costs or offset declining rent rolls.
- 9.5 When providing commercial loans, risks may arise from a change in the financial viability of the borrower, changes in the market, competition, changes in UK or Welsh Government policies. Whilst these scenarios should all be considered in the business plan, not all circumstances can be predicted as has been highlighted by the Covid 19 pandemic.
- 9.6 Six monthly assessments of the risk profile for the investment portfolio will enable the Performance & Overview Scrutiny Committee to evaluate and if necessary seek opportunities to mitigate the risk through for example refurbishments, or disposal of the investments.

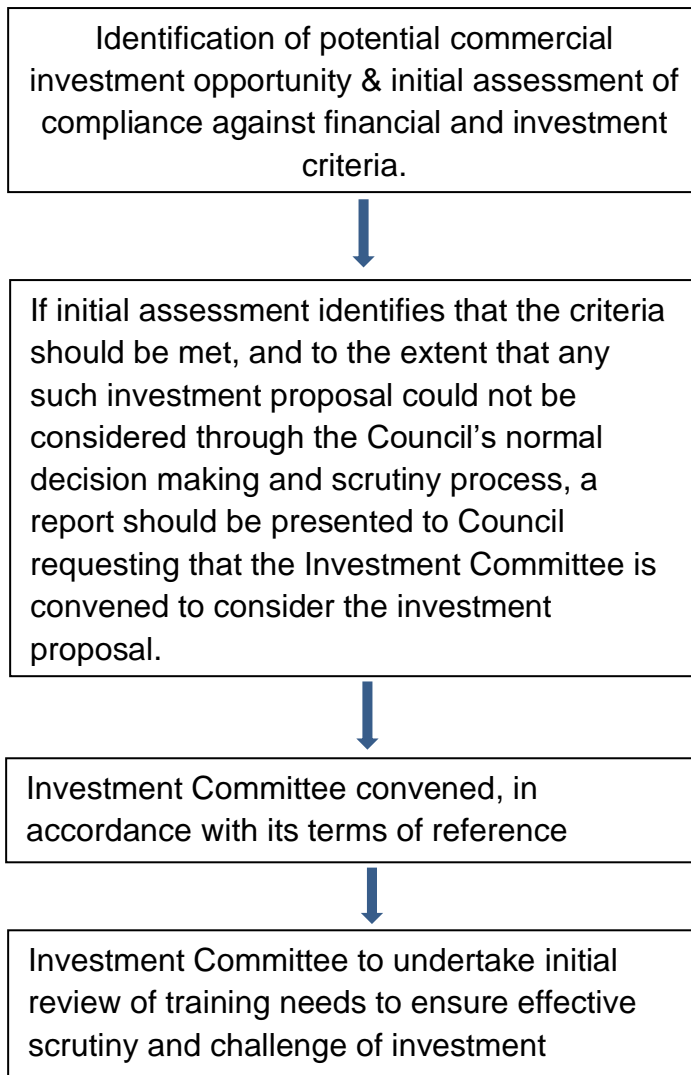
10. Purchasing and Finance.

- 10.1 The Council benefits from the ability to access funding from the PWLB at relatively low interest rates and fixed repayment terms enabling certainty over debt repayments and potential yields at the point of the acquisition of an investment.
- 10.2 If stage 1 approval is provided by Investment Committee, due diligence costs will be incurred. If the investment proceeds these will be included in the total investment cost and funded through

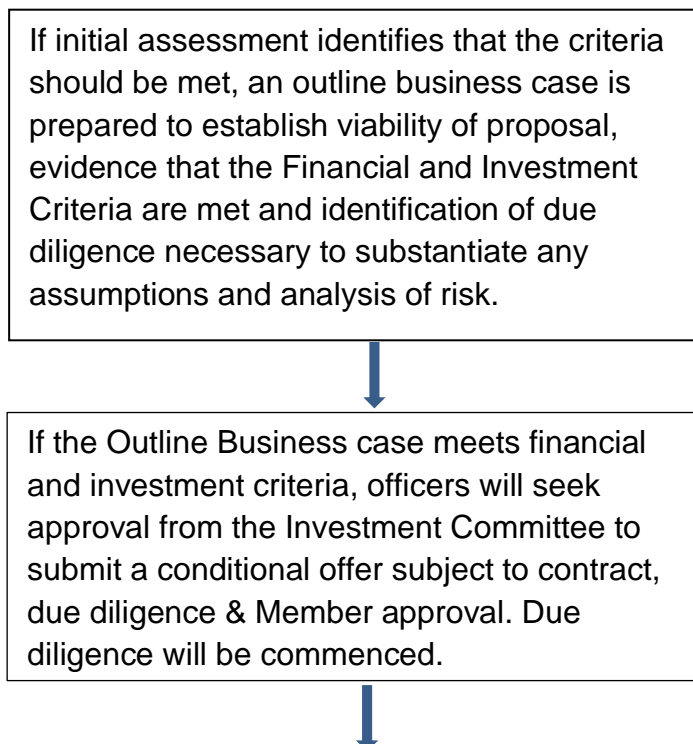
borrowing. If the proposal does not proceed if the abortive costs cannot be financed through existing revenue budgets, they will need to be set against the Investment Fund and repayments offset from the gross investment income.

- 10.3 A sinking fund will be created to manage unforeseen repair works or offset a fall in income levels to prevent the portfolio becoming a net cost to the authority. The value of the sinking fund will be determined on an individual investment basis to reflect value and risk.

11. Governance & Purchase Flow Chart



Stage 1 Approval



Commission due diligence reports, surveys, re-assess financial, and investment criteria against initial assumptions. Finalise Business Case.



Stage 2 Approvals

Present finalised Business Case to Investment Committee for their scrutiny and decision. If investment is approved then legal processes can be implemented.



Present finalised Business Case to Investment Committee for their scrutiny and decision. Decision to be reported to full Council for consideration.



If Council approval is secured, legal processes to commence under delegated authority secured as part of the Council decision.

Completion of legal processes

Commence legal processes, which will be undertaken by the Council's Commercial and Property Legal Team.



If the investment is a property acquisition, exchange contracts, which contractually commits the Council to the purchase.



Finalise legal documentation. Arrange draw down of funds and completion of investment.



Post completion – if property acquisition, payment of Land Transaction Tax and other fees; arrange for rental payments and ongoing property / portfolio management. Establish sinking fund with finance team.



Update relevant colleagues / external organisations and update terrier and other software systems.

Performance Monitoring

Performance dashboard of investments and risk register to be presented to Performance & Overview Scrutiny Committee on a six-monthly basis or sooner if required.

Ongoing assessment of governance arrangements around investments and wider land and property portfolio by Governance & Audit Committee.

Annex 1 – Investment Committee Terms of Reference

- Purpose:* To hold strategic oversight and accountability for the acquisition of commercial investments in line with the Asset Investment Policy.
- Membership:* The Committee will be comprised of the following elected Members:
- The Leader
 - Deputy Leader
 - Cabinet Member with portfolio responsibility for Resources
 - Leaders of the two largest opposition parties
- The membership of the committee reflects the political balance of the current administration and will be subject to review following a local government election within the Monmouthshire County Constituency.
- Chairperson:* The Leader of the Council. In the absence of the Leader, the Deputy Leader will assume the Chair role in their absence.
- In attendance:* Leaders of the remaining opposition parties
- Chief Executive
 - Deputy Chief Executive (S151 officer)
 - Chief Officer for Law and Governance (Monitoring Officer)
 - Chief Officer, Communities and Place
 - Head of Finance (Deputy S151 officer)
 - Head of Landlord Services
 - Other Council Officers as required.
 - Specialist advisors as required.
- Deputising:* Members of the Investment Committee are able to nominate a substitute elected Member to deputise for them if they are unable to attend a committee meeting. The deputy will be able to vote on behalf of the substantive Committee Member.
- Democratic Services should be advised of any substitute Members, no less than 24 hours prior to the meeting, save in the event of an emergency.
- Voting Rights:* Will be limited to the members of the Investment Committee
- Quorum:* Three members of the committee
- Frequency:* The meetings will be convened as commercial investment opportunities arise and that require the scrutiny and oversight of the Investment Committee. Such circumstances will be determined by Council, and where it is not

considered appropriate for this to be considered through the Council's usual decision making and scrutiny functions due to the commercial sensitivity involved.

Declarations of Interest:

All Members, Officers and external advisors will be required to submit declarations of interest prior to discussing proceedings. Officers and external advisors with a personal or commercial interest in the proposed investment will not take part in the discussions, without the express consent of the Chair.

Investment Committee remit will be to:

1. Take decisions on proposed commercial acquisitions or investment opportunities.
2. Scrutinise business cases and ensure that proposals are in accordance with the approved Asset Investment Policy.
3. To execute the powers of authority delegated by Council in a prudent manner
4. Members of Investment Committee will act in the best interest of the corporate entity
5. The Committee will undertake review of its effectiveness and identify any training required for committee members.

Note: Ongoing Scrutiny of Commercial Investments

The Performance & Overview Scrutiny Committee will be responsible for:

- a) The ongoing monitoring and review of the performance of the commercial and property investment portfolio, ensuring that it meets the agreed financial benchmarks within the asset investment policy and to ensure identified risks are actively managed.
- b) To maintain oversight of mitigation and exit strategies for poorly performing investment assets, including disposals. Any disposal will need to be considered in line with the Council's disposal policy and approved by Cabinet.

The Governance & Audit Committee will be responsible for ensuring that the governance and risk management arrangements in place around the commercial and property investment portfolio, and the Council's land and asset portfolio more generally are in place and operating effectively.

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