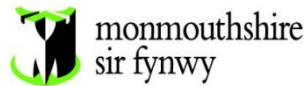


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County Hall  
Rhadyr  
Usk  
NP15 1GA

Wednesday, 27 May 2026

## Notice of Meeting

### Governance and Audit Committee

Thursday, 4th June, 2026 at 2.00 pm,  
County Hall, The Rhadyr, Usk, NP15 1GA

***Please note that a 30 minute pre-meeting will take place at 1.30pm for  
Committee Members and Audit Officers***

## AGENDA

Item No	Item	Pages
1.	To elect a Chair for 2026/2027	
2.	To appoint a Vice Chair for 2026/2027	
3.	Apologies for Absence	
4.	Declarations of Interest	
5.	Public Open Forum	
6.	To note the Action List from the previous meeting.	1 - 2
7.	Internal Audit Annual Report 2025/26	3 - 28
8.	Progress Report for Quarter 4 (2025/26) & Quarter 2 Rolling Plan (2026/27)	29 - 58
9.	2025/26 Treasury Outturn report	59 - 86
10.	Whistleblowing Annual Report	87 - 90
11.	Effectiveness of Strategic Risk Management Framework	91 - 112
12.	Panel Performance Assessment - To receive and review the authority's draft response to recommendations of the panel performance assessment report	113 - 142

<b>13.</b>	<b>Annual report of Freedom of Information Act (FOIA), Data Protection Act (DPA) Breaches, Data Subject Access Requests (DSARs)</b>	143 - 150
<b>14.</b>	<b>Governance and Audit Committee Forward Work Plan</b>	151 - 158
<b>15.</b>	<b>To approve the minutes of the previous meeting</b>	159 - 162
<b>16.</b>	<b>Date of Next Meeting - 23rd July 2026</b>	

**Paul Matthews**  
**Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL  
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore

Colin Prosser

Rhodri Guest

County Councillor Sara Burch

*Cantref; Labour and Co-Operative Party*

County Councillor John Crook

*Magor East with Undy; Welsh Labour/Llafur Cymru*

County Councillor Tony Eason

*Dewstow; Welsh Labour/Llafur Cymru*

County Councillor David Jones

*Crucorney; Independent Group*

County Councillor Malcolm Lane

*Mardy; Welsh Conservative Party*

County Councillor Phil Murphy

*Caerwent; Welsh Conservative Party*

County Councillor Peter Strong

*Rogiet; Welsh Labour/Llafur Cymru*

County Councillor Ann Webb

*St Arvans; Welsh Conservative Party*

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### Watch this meeting online

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### Welsh Language

The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with 5 days notice prior to the meeting should you wish to speak in Welsh so we can accommodate your needs.

### Governance and Audit Committee Public Open Forum Guidance

Our Governance and Audit Committee meetings are live streamed and a link to the live stream will be available on the meeting page of the Monmouthshire County Council [website](#)

If you would like to share your thoughts on any matters being discussed by Governance and Audit Committee, you may attend the meeting in person (or join remotely via Microsoft Teams), or submit written representations (via Microsoft Word, maximum of 500 words).

The deadline for submitting representations to the Council is 5pm three clear working days in advance of the meeting. All representations received will be made available to the committee members prior to the meeting.

The amount of time afforded to each member of the public to speak is at the Committee Chair's discretion. We ask that contributions are no longer than 4 minutes.

If you would like to attend one of our meetings to speak under the Public Open Forum at the meeting, you will need to give three working days' notice by contacting [GACRegistertoSpeak@monmouthshire.gov](mailto:GACRegistertoSpeak@monmouthshire.gov)

If you would like to suggest future topics for consideration by Governance and Audit Committee, please do so by emailing [GACRegistertoSpeak@monmouthshire.gov.uk](mailto:GACRegistertoSpeak@monmouthshire.gov.uk)

# Aims and Values of Monmouthshire County Council

## Our purpose

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

## Objectives we are working towards

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

## Our Values

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

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

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

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

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

**Role of the Pre-meeting**

1. Why is the Committee considering this agenda item? (relevance and materiality)
  2. What is the Committee’s role and what outcome do Members want to achieve?
  3. Is there sufficient information to achieve this? If not, who could provide this?
  4. What are the confidential views of the auditors on relevant matters?
- Discuss members' views/ key concerns with the papers and agree priorities

**Potential Questions/Considerations for the Meeting**

Internal Audit (IA)

1. What is the IA functional model and is it fit for purpose?
2. Does IA have sufficient authority and influence across the Authority?
3. Is IA suitably resourced and empowered? Is the annual IA plan appropriate? On what do we make this judgement?
4. Do Chief Officers demonstrably accept and champion the role of IA? How do they do this?
5. Are IA findings acted upon energetically by Officers? How is this demonstrated? Do we effectively challenge and hold officers to account for implementing IA findings?
6. How can we be confident that the internal control environment remains appropriate?
7. Do we have confidence in overall IA effectiveness? On what do we base this?
8. Is the annual/ periodic IA opinion plausible?
9. Do we have sufficient visibility over the work, output and effectiveness of allied IA teams, e.g. TCBC?

External Audit (EA)

1. Is the EA team (financial and performance) credible?
2. Are we confident over the arrangements for developing the EA annual work plan/ timetable and is it aligned to our understanding of key risks?
3. Do Chief/ senior officers engage appropriately with EA? How is this demonstrated?
4. Is there a constructive relationship between IA, EA (and other inspectorates)? How is this evidenced?
5. Have relevant officers demonstrably considered the results/ conclusions of EA national and specific reports?
6. Do we have good visibility over emerging issues identified by EA?
7. In respect of ISA260 and equivalent EA financial reports, do officers clearly demonstrate understanding of issues raised and have a credible plan to resolve issues for next financial year?
8. Does EA have confidence in MCC’s Officers and governance arrangements?

### Governance

1. Is there a codified and cohesive description of MCC's overall governance arrangements? Is it fit for purpose?
2. Is there clarity over the governance of the various oversight and scrutiny arrangements for (and effectiveness of) material partnerships and collaborations?
3. Is there clarity over the apportionment of responsibilities and decision making authorities?
4. How are governance/ control breaches identified and reported?
5. Are we confident that the arrangements for material expenditure (tendering, contracting and capital procurement) are robust?
6. Do we have confidence in whistleblowing (and similar arrangements) for raising concerns?

### Corporate Risks

1. Have key accountabilities for the identification, assessment, monitoring and management of risks been adequately defined and implemented?
2. Has the approach to risk management been designed and implemented effectively?
3. How can the Committee be confident that the Corporate Risk Register captures all significant risks facing the Authority?
4. Are the risk mitigation action plans credible and sufficient so as to achieve the desired outcomes?

### Budgeting/ Financial Risk/ Reserves

1. Is there a clearly defined, governed and checkpointed process and timetable for developing the Authority's budget?
2. Is there an appropriate suite of financial risk related policies? Are they suitable?
3. Are the key financial/ operational assumptions understood, credible, documented and stress tested?
4. Does the Finance function have suitable capabilities and capacity to manage financial risk/ meet statutory requirements and obligations to the Council?
5. Do we have confidence that the budgetary process is likely to produce a plausible budget/ MTFP?
6. Are there suitable arrangements in place to manage and report on overall financial performance?

### Financial Statements/ Misstatement Risk

1. Is there a shared understanding as to the purpose of the Committee in reviewing draft financial statements?
  - a. Are the Notes to the Accounts reasonable?
  - b. Are the narrative reports, including the Annual Governance Statement reasonable and accord with the committee's view?
2. Are we comfortable with EA's work and audit opinion?

**Questions for the Committee to conclude...**

Do we have the necessary information to form conclusions/make recommendations/ escalate matters to the executive, council, relevant scrutiny committee?

Do we need to follow up? If so, how?



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**Governance and Audit Committee Action List  
4<sup>th</sup> June 2026**

<b>Action</b>	<b>Subject/ Meeting</b>	<b>Officer</b>	<b>Outcome</b>	<b>Due date</b>	<b>Action Status</b>	<b>Recommended to close Action Yes/No</b>
1	<b>Audit Wales Report: Arrangements for commissioning services and council management response</b>	<b>Richard Jones</b>	<b>Ensure that the commissioning framework (in development) is brought to Governance and Audit Committee at a suitable stage for scrutiny</b>	<b>15<sup>th</sup> October 2026</b>	<b>OPEN</b>	<b>No</b>
2						

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<b>SUBJECT:</b>	<b>INTERNAL AUDIT Annual Report 2025/26</b>
<b>DIRECTORATE:</b>	<b>Resources</b>
<b>MEETING:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>June 2026</b>
<b>DIVISION/WARDS AFFECTED: All</b>	

## 1. PURPOSE

To receive and consider the Annual Internal Audit Report for 2025/26.

## 2. RECOMMENDATION(S)

That the Governance and Audit Committee receive, comment on and endorse the Annual Report.

## 3. KEY ISSUES

- 3.1 The Global Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion based upon and limited to the work performed on the overall adequacy and effectiveness of Monmouthshire County Council's framework of governance, risk management and internal control. This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 3.2 The audit opinions issued reflect the level of assurance obtained; these are shown at Appendix B. **32** audit opinions were issued during 2025/26 ranging from Substantial to No Assurance (a total of 35 opinions were issued in 2024/25).
- 3.3 The overall opinion was **Reasonable assurance**, which indicates *There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.*

- 
- 3.4 6 Limited Assurance opinions were issued and 1 No Assurance.
  - 3.5 The 2025/26 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.
  - 3.6 Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.
  - 3.7 The Internal Audit team achieved 80.3% of the agreed 2025/26 audit plan against a target of 80%.

#### **4. REASONS**

- 4.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.
- 4.2 Internal Audit provides an independent, objective assurance and consulting activity and is designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to improve the effectiveness of risk management, control and governance processes.
- 4.3 In line with the Global Internal Audit Standards (GIAS), the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment, governance arrangements and risk management processes. The Standards require an external review of Internal Audit to be completed at least every five years. An External Quality Assessment (EQA) was completed during the 2023/24 financial year by the Acting Audit Manager of Caerphilly County Borough Council, this found that the Internal Audit team were 'Generally Compliant' with the PSIAS.

A programme of peer assessments has been agreed by the Welsh Chief Auditors Group for future EQA assessments with Monmouthshires due to take place during the 2028/29 financial year.

#### **5. RESOURCE IMPLICATIONS**

None.

#### **6. CONSULTEES**

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Deputy Chief Executive & Strategic Director - Resources (S151 Officer)

**7. BACKGROUND PAPERS**

Internal Audit Annual Report  
Operational Internal Audit Plan 2025/26  
Global Internal Audit Standards  
Shared Resource Service (SRS) – Internal Audit Annual Report  
2025/26 (Torfaen IA Team)

**8. AUTHOR AND CONTACT DETAILS**

Jan Furtek, Chief Internal Auditor  
Telephone: 01600 730521  
Email: [janfurtek@monmouthshire.gov.uk](mailto:janfurtek@monmouthshire.gov.uk)



monmouthshire  
sir fynwy

# INTERNAL AUDIT ANNUAL REPORT 2025/26



Date of Report Issue

June 2026

Report Author

Jan Furtek, Chief Internal Auditor  
Page 6

## 1. Introduction

- 1.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.
- 1.2 The Regulations state that the Responsible Finance Officer (S.151) of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation and its systems of internal control. Internal Audit undertakes this role on behalf of the S.151 Officer. Internal Audit is seen as an independent function established by the management of Monmouthshire County Council for the review of the internal control system as a service to the organisation. It enhances and protects organisational value by providing risk-based and objective assurance, advice and insight.
- 1.3 In line with the Global Internal Audit Standards, the Chief Internal Auditor should present a formal annual report to the Governance and Audit Committee which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
- disclose any qualifications to that opinion, together with reasons for the qualification;
  - present a summary of the audit work undertaken to formulate the opinion;
  - draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the annual governance statement (to be reported separately);
  - compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria;
- 1.4 This report is the Annual Internal Audit Report which meets the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the County Council and provides a summary of the work completed during the year. It is to be read in conjunction with the quarterly update reports provided by the Chief Internal Auditor to the Governance & Audit Committee which highlights and brings to the Committees attention the issues arising from audit reviews where an unfavourable (Limited or No Assurance) conclusion has been issued. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.

- 1.5 The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the controls in place to protect the Council from loss of assets or inefficient operations, whatever the cause.
- 1.6 The objectives of the Section for the year were: -
- a. To deliver an internal audit service in accordance with the Public Sector Internal Auditing Standards and meeting statutory requirements;
  - b. To undertake risk-based assessments of the Authority's internal control environment and hence contribute to the Annual Governance Statement;
  - c. To maintain and enhance the audit involvement in all areas as an aid to good financial stewardship and protection of public funds.

## 2. Audit Opinion

- 2.1 In 2025/26, based on the planned work undertaken during the year, overall, the systems and procedures in place were adequately controlled, although risks were identified which could compromise the overall control environment; improvements are required. The opinion definitions are noted at Appendix A.
- 2.2 The overall audit opinion for the internal controls operating within the Council in 2025/26 was **Reasonable assurance:**

The Internal Audit team has completed its internal audit work for the year based upon the Operational Audit Plan approved by the Audit Committee in May 2025. The Plan was designed to ensure adequate coverage over the Council's financial and operational systems using a risk based assessment methodology.

The audit work included reviews, on a sample basis, of each of these systems/establishments sufficient to discharge the Authority's responsibilities for Internal Audit under Section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. Work was planned in order to provide sufficient evidence to give me reasonable assurance of the internal control environments tested.

The 2025/26 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.

Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.

Based on the planned work undertaken during the year, in my view the internal controls in operation give **Reasonable Assurance**; *There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.*

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Jan Furtek  
Chief Internal Auditor  
June 2026

- 2.3 On undertaking audit reviews in accordance with the Annual Audit Plan, an opinion is given on how well the internal controls of the system or establishment are operating. Internal audit reports provide a balanced view of the controls in place. The opinion is determined by the number of strengths and weaknesses identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Chief Internal Auditor and/or Principal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA.

- 2.4 The overall opinion has been compiled from individual audit reviews undertaken during the year [see Appendix B], consideration of the previous years' Internal Audit opinion and how management have responded to recommendations previously issued:

Audit Opinion	2023/24	%	2024/25	%	2025/26	%
Substantial	8	23.5	3	9	7	23
Reasonable	18	53	21	64	17	55
Limited	8	23.5	9	27	6	19
No Assurance	0	0	0	0	1	3
	34	100	33	100	31	100

Qualified	1	-	0	-	0	-
Unqualified	2	-	2	-	1	-
	3	-	2	-	1	-

<b>Total Opinions</b>	37	-	35	-	32	-
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<b>Overall Opinion</b>	<b>Reasonable Assurance</b>	<b>Reasonable Assurance</b>	<b>Reasonable Assurance</b>
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- 2.5 Managers within directorates need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Chief Officers and Heads of Service have a responsibility to ensure that the Council's Financial Procedure Rules and Contract Procedure Rules are complied with at an operational level. Staff should be made aware of these and the requirements therein and the consequences of non-compliance.
- 2.6 The Annual Internal Audit Report for the Shared Resource Service (Torfaen CBC Internal Audit Team) will be presented to the June 2026 meeting of the Governance & Audit Committee.
- 2.7 The Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were taken into consideration within this annual report. The SRS are the Council's IT providers, so assurances have been provided on the adequacy of controls in place within that organisation to demonstrate effective governance, risk management and internal control processes.
- 2.8 Extract from the Annual Internal Audit Report 2025/26 of the Shared Resource Service - "We are satisfied that sufficient internal audit work has been undertaken to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and

control. It should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control. The overall opinion is **Satisfactory**. Defined as:

- A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and
- None of the individual assignment reports have an overall report classification of either high or critical risk.

### 3. Extent of Coverage

- 3.1 The Internal Team went through the 2025/26 financial year with a full establishment of 5 FTE Auditors and 1 FTE Counter Fraud Officer. There was some sickness and other unplanned absences during the year which was managed by the Chief Internal Auditor.
- 3.2 In July 2025, the recruitment process for the permanent Chief Internal Auditor appointment was completed. The role had been filled on a temporary basis since April 2024, and the successful candidate was appointed on a permanent basis.
- 3.3 There have been no significant changes in systems or personnel in key positions within the Internal Audit team over the course of the year.
- 3.4 Overall, whilst not all planned audits were carried out, the actual number achieved is considered acceptable in view of the relative risk and priorities of other audit needs. Planned audit work not undertaken during the year is shown at Appendix C.

### 4. Audit Coverage

- 4.1 The full list of audit reviews completed by the Section during the year is shown in the attached Appendix B, together with the relevant internal control opinion issued for each audit.
- 4.2 Control opinions range from Substantial to No Assurance in accordance with the definitions shown in Appendix A. In June 2023 it was agreed with the Governance & Audit Committee that the audit opinions used by the Internal Audit team would be revised to bring them in line with those recommended by CIPFA for use across the UK public sector.
- 4.3 Audit reviews concluding with a control opinion of Limited assurance are routinely reported (in summary form) to the Governance and Audit Committee. For 2025/26, 6 **Limited Assurance** and 1 **No Assurance**

opinions were issued; further details are included within Section 5 of this report.

4.4 The added value, non-opinion work undertaken by Internal Audit is shown at Appendix D; this is mainly financial advice and monitoring the implementation of the agreed recommendations along with the completion of the Annual Governance Statement.

4.5 During the course of the year, the team has completed 2 unplanned (reactive) pieces of work in addition to the completion of the audit plan.

- King Henry VIII 3-19 School
- Caldicot Castle

## **5. Update on Unfavourable Audit Opinions issued**

5.1 During the 2025/26 financial year, the Internal Audit team have continued to follow-up reviews where a previous 'Limited' audit opinion had been issued.

The reasons as to why these reviews were considered to be of limited assurance was presented to the Committee via the Chief Internal Auditors quarterly reports.

<b>Year</b>	<b>Assignment</b>	<b>Original Opinion</b>	<b>Revised Opinion / Date</b>
<b>2023/24</b>	Mileage	Limited	Limited
	General Expenses	Limited	Limited
	Children Looked After Savings	Limited	Q1 2026/27
<b>2024/25</b>	Job Evaluation	Limited	Reasonable
	Procurement Cards	Limited	Q1 2026/27
	Mardy Park Residential	Limited	Reasonable
	Facilities & Building Cleaning	Limited	Reasonable
	Bank Imprest - Severn View Residential	Limited	Q1 2026/27
	Caldicot School	Limited	Reasonable
	Supply Staff at Schools	Limited	Q3 2026/27
	Contract Management	Limited	Q3 2026/27
	Pupil Referral Service	Limited	Q2 2026/27

- 5.2 As shown in the table above, two reviews received consecutive unfavourable conclusions following a follow-up review: Employee Mileage and Employee Expenses. These, together with a recommendation that the relevant Chief Officer attend a future meeting of the Governance & Audit Committee, will be included in the separate Quarter 4 update report.
- 5.3 During the 2025/26 financial year **6 Limited** and **1 No Assurance** audit opinions were issued.

Year	Assignment	Opinion
2025/26	H&S Building Compliance	Limited
	My Mates	Limited
	Deprivation of Liberty Safeguards (DoLS)	Limited
	Employee Travel & Mileage Claims (Follow-up)	Limited
	Employee General Expenses (Follow-up)	Limited
	King Henry 3-19 School	Limited
	Caldicot Castle	No Assurance

## 6. Follow-up of Recommendations and Agreed Management Actions

6.1 A requirement of the Global Internal Audit Standards (GIAS 15.2) is that internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:

- Inquiring about progress on the implementation.
- Performing follow-up assessments using a risk-based approach.
- Updating the status of management's actions in a tracking system.

The extent of these procedures must consider the significance of the finding. If management has not progressed in implementing the actions according to the established completion dates, internal auditors must obtain and document an explanation from management and discuss the issue with the chief audit executive. The chief audit executive is responsible for determining whether senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.

6.2 The Internal Audit team issued 122 recommendations during the 2024/25 financial year. The table below provides an overall summary of results of this exercise. Overall, 93% of recommendations had either been fully or partially implemented. This was a slight decrease from 96% in the previous year.

Measure	Number	Percentage
Recommendations fully implemented	76	62%
Recommendations partially implemented	38	31%
<b>Recommendations fully or partially implemented</b>	<b>114</b>	<b>93%</b>
Recommendations not implemented	6	5%
Recommendations considered no longer relevant	2	2%
Responses not received	0	0%
<b>Total number of recommendations</b>	<b>122</b>	<b>100%</b>

6.3 The completion of this exercise has shown that senior management have actively looked to address the recommendations made by Internal Audit to improve the overall control environment of their areas. The intelligence from this exercise will be used to inform the Rolling Internal Audit Plan and also used to provide assurance for the overall Chief Internal Auditors annual opinion (ref 2.2).

## 7. Non-Audit Duties

7.1 The team now has a minimal involvement with controlled stationery, although the team still administers the imprest account process. The audit team have worked over the year to close down the remaining imprest accounts with now only a small number of approved accounts remaining for operational reasons. Internal Audit involvement with this process is now minimal.

7.2 The Internal Audit Team previously administered the 'Exemption Process' under the Councils Contract Procedure Rules. From April 2025, following the revised Contract Procedure Rules being approved by the County Council in March 2025, responsibility for administering this process transferred to the Council's procurement partners, ARDAL, and is now being completed as part of the revised Pre-Tender Report process.

## 8. Fraud, Irregularity and Special Work/Investigations

8.1 The Internal Audit team continues to provide fraud response support and assistance across all service areas. Most referrals and discussions do not require any further action; however, a small number require additional investigation. During the year, the team was involved in six 'special investigations':

S01 – A number of concerns were raised against an employee within the Infrastructure directorate and the Chief Internal Auditor was

appointed as the investigating officer under the MCC Disciplinary Policy. The investigation related to incorrect tender processes, misuse of Council equipment and safeguarding concerns. The employee was dismissed.

S02 – The Chief Internal Auditor was requested through the Practitioner Concerns process to investigate a concern under the Disciplinary Policy for an ex-employee of Adult Services. This case related to fraudulent mileage claims which also had safeguarding implications. The employee was retrospectively dismissed by the Council.

S03 – An allegation of attempted bribery was made against a Council supplier. This was investigated by the Chief Internal Auditor and appropriate action taken against the supplier including the removal of contracts.

S04 – Concerns were investigated at a School. The Chief Internal Auditor completed a fact find investigation which is now proceeding to a formal investigation with a different investigating officer.

S05 – The Chief Internal Auditor supported the service area (Social Care & Safeguarding) in completing a disciplinary investigation regarding an employee who was found to be working in multiple employments while declared unfit for work with the Council. The employee was dismissed.

S06 – The supplier referred to within S03 above made a series of counter allegations against two officers of the Council. The Chief Internal Auditor completed a fact find investigation which determined there was no case to answer and it did not require a formal disciplinary investigation to commence.

- 8.2 Where necessary, the above cases have been discussed with the Police either through Safeguarding Practitioner Concerns or through separate referrals to Action Fraud and the Gwent Police Financial Investigation Unit.
- 8.3 The Internal Audit Team is responsible for co-ordinating the National Fraud Initiative (NFI) process for the Council, an initiative run by the Cabinet Office. This is a biennial data matching exercise that matches electronic data within and between participating bodies to detect and prevent fraud and overpayments from the public purse across the UK. On an annual basis Council Tax and Electoral Roll data is collated and matched.
- 8.4 The Council's first Fraud Risk Assessment was completed by the Chief Internal Auditor and presented to the Governance & Audit Committee in January 2025. This was further reviewed in October 2025 and will be reconsidered during the 2026/27 financial year.

- 8.5 Over the course of the year, the Internal Audit team developed a training module on the Thingji e-Learning system covering Fraud, Corruption & Bribery. This was deemed to be mandatory training for all staff and members of the Council. It is pleasing to report that all members of the Strategic Leadership Team and their respective Directorate Management Teams have completed the module. As of the 29<sup>th</sup> April 2026, the overall completion rate was 88% and has been broken down by service areas below.

Directorate	Completion Rate
Chief Executives	88%
Resources	90%
Law & Governance	100%
Place & Community Wellbeing	72%
Children, Learning, Skills and Economy	90%
Infrastructure	85%
Social Care & Safeguarding	89%
Members	39%

It was noted that the completion rates above would be affected by staff who are on long term absence from work either through sickness, extended leave or maternity leave.

- 8.6 In March 2025, Audit Wales completed a review of Monmouthshire County Councils Counter Fraud Arrangements. It was found that **the Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take**. Progress has been made to implement the two recommendations from this review which has been reported separately.

## 9. Training

- 9.1 During the year a number of staff attended external courses / webinars on a variety of topics to ensure continued professional development.
- 9.2 The Section also participates in a number of local audit groups including the Welsh Chief Auditors' Group (WCAG) and the national Local Authority Chief Auditors Network (LACAN).
- 9.3 Management fully support the development and training of the audit staff and will continue to send staff to appropriate seminars/courses etc. to maintain an awareness of technical and legislative developments and to support user groups within the area in order to provide a more effective service. This will be beneficial on a personal and professional level.

## **10. Audit Team Performance**

- 10.1 To ensure a quality Internal Audit service is provided, the Section uses a range of performance indicators which it compares with other Welsh authorities via the Welsh Chief Auditors' Group.
- 10.2 As shown at Appendix G, 80% of the agreed plan was completed against a target of 80%.
- 10.3 Excluding finalisation work from 2024/25, 66 audit jobs were included in the audit plan for 2025/26; 53 jobs were completed to at least draft report stage. [Not all jobs in the plan would warrant an audit opinion e.g. audit advice, Annual Governance Statement, external work etc.].
- 10.4 As a measure of the quality of the work produced, the Team was able to report that 100% of its recommendations were accepted by the service managers. [This does not take into account reports that were in draft at year end]. The percentage of previously agreed recommendations which had been implemented or partially implemented will be reported later in the year.
- 10.5 Getting audit reports out to clients in a timely manner is a key aspect of maintaining relationships and ensuring control weakness are addressed at an early stage.
- a. Final reports were sent out 3.1 days following receipt of management comments, against a target of 5 days.
  - b. Draft reports were sent out to clients 2.6 days after the completion of the audit work against a target of 10 days.
- 10.6 Of the audit evaluation questionnaires which were returned by operational managers, 100% were 'satisfied' or 'very satisfied' with the audit service they had received. Where managers have highlighted any areas for improvement, these will be considered and acted upon by the Chief Internal Auditor. All clients have the opportunity to discuss any concerns with the audit process directly with the Chief Internal Auditor.

## **11. Conclusions**

- 11.1 It is considered that, over the course of the financial year, the objectives of the Team (as stated in paragraph 1.6) have been met.
- 11.2 The reporting procedures for all areas of the Team are now well established. Working practices are updated as a matter of course to underpin the quality of work undertaken. Team meetings are held on a regular basis to ensure all staff are kept aware of new developments and management can monitor progress of work against the plan.

- 11.3 The Team's management maintained a continuous review process throughout the year to ensure, where possible, that the highest risk areas were targeted.
- 11.4 The objective of the Internal Audit Team is to provide assurance to Management and Members of the adequacy of the internal control environment, governance arrangements and risk management processes within Monmouthshire. Reduced audit staff resources leads to less coverage across the services provided by the Council which limits the assurance that can be given. In addition the team becomes less flexible in its ability to undertake special investigations in response to allegations of fraud, theft or non-compliance.
- 11.5 The Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is provided. Although demands on the resources are increasing, the Chief Internal Auditor is confident that adequate and appropriate coverage will be provided throughout the Council; prioritisation may be required.
- 11.6 Finally, the support of all audit staff as well as senior management must be acknowledged in helping to continue to provide a comprehensive and valuable service to the Authority.

## Definitions of Internal Audit Opinions Used

SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Unqualified** – the terms and conditions of the grant were complied with.

**Qualified** - the terms and conditions of the grant were not complied with.

## Audit Opinions

<b>Overall Opinion 2025/26 - Reasonable Assurance</b>
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## Summary

	23/24	24/25	25/26
Substantial	8	3	7
Reasonable	18	21	17
Limited	8	9	6
No Assurance	0	0	1
	34	33	31
Unqualified	2	2	1
Qualified	1	0	0
<b>Total Opinions</b>	<b>37</b>	<b>35</b>	<b>32</b>

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/26)	Opinion Given
P2526-09	Law & Governance	Legal	Litigation	Medium	Yes	Substantial
P2526-13	Learning, Skills & Economy	Achievement & Attainment	Education Welfare Service	Medium	Yes	Substantial
P2526-18	Learning, Skills & Economy	Primary Schools	St Mary's RC Primary	Medium	Yes	Substantial
P2526-22	Learning, Skills & Economy	Secondary Schools	Monmouth Comprehensive School	Medium	No	Substantial
P2526-24	Learning, Skills & Economy	Employment, Economy & Skills	Shared Prosperity Fund	Medium	No	Substantial
P2526-43	Place	Flood Risk Management	Flood Risk Management	Medium	Yes	Substantial
P2526-44	Place	Catering	School Catering	Medium	Yes	Substantial
P2526-66	Corporate	Corporate	National Fraud Initiative (NFI)	High	Yes	Substantial
P2526-01	Resources	Finance - Corporate Accountancy	Budgetary Control (Capital)	High	No	Reasonable
P2526-03	Resources	Digital Design & Innovation	Digital Projects	Medium	Yes	Reasonable

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/26)	Opinion Given
P2526-05	Resources	Landlord & Commercial Services	Facilities & Building Cleaning (Follow-up)	High	No	Reasonable
P2526-14	Learning, Skills & Economy	Resources & School Support	Educational Trips & Visits (Evolve system)	Medium	Yes	Reasonable
P2526-19	Learning, Skills & Economy	Primary Schools	Thornwell Primary	Medium	Yes	Reasonable
P2526-20	Learning, Skills & Economy	Primary Schools	Ysgol y Fenni	Medium	Yes	Reasonable
P2526-21	Learning, Skills & Economy	Secondary Schools	Caldicot School (Follow-up)	High	No	Reasonable
P2526-23	Learning, Skills & Economy	Schools General	Schools Control Risk Self Assessments	Medium	Yes	Reasonable
P2526-28	Social Care, Safeguarding & Health	Adult Services	Mardy Park (Follow-up)	High	No	Reasonable
P2526-32	Social Care, Safeguarding & Health	Childrens Services	MyST	Medium	No	Reasonable
P2526-48	Chief Executives – Housing, Rural Development & Strategic Partnerships	Sustainable Living	Assitive Technology	Medium	Yes	Reasonable
P2526-51	Customer, Culture and Wellbeing - Mon Life	Leisure Services	Monmouth Leisure Centre	Medium	Yes	Reasonable
P2526-52	Customer, Culture and Wellbeing - Mon Life	Visitor Attractions	Museum Service	Medium	Yes	Reasonable
P2526-54	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Markets	High	Yes	Reasonable

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/26)	Opinion Given
P2526-55	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - MonLife - General	Control Risk Self-Assessments	Medium	Yes	Reasonable
P2526-58	People, Performance and Partnerships	Human Resources	Job Evaluation / Equal Pay (Follow-up)	High	Yes	Reasonable
P2526-61	People, Performance and Partnerships	Systems & Payroll	Recruitment & Selection	High	No	Reasonable
P2526-62	People, Performance and Partnerships	Customer Relations	Corporate Complaints, Comments & Feedback	High	Yes	Reasonable
P2526-04	Resources	Landlord & Commercial Services	Building Compliance	High	Yes	Limited
P2526-27	Social Care, Safeguarding & Health	Adult Services	My Mates	Medium	Yes	Limited
P2526-29	Social Care, Safeguarding & Health	Adult Services	Deprivation of Liberty Safeguards (DoLS)	High	No	Limited
P2526-59	People, Performance and Partnerships	Systems & Payroll	Employee Travel & Mileage Claims (Follow-up)	High	No	Limited
P2526-60	People, Performance and Partnerships	Systems & Payroll	Employee General Expenses (Follow-up)	High	No	Limited
U2526-02	Learning Skills & Economy	Secondary Schools	King Henry VIII 3-19 School	High	No	Limited
U2526-03	Place	Visitor Attractions	Caldicot Castle	High	No	No Assurance

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/26)	Opinion Given
P2526-47	Chief Executives – Housing, Rural Development & Strategic Partnerships	Housing Support Grant	Housing Support Grant	Medium	No	Unqualified

2025/26 Planned jobs not undertaken

Job number	Directorate	Service	Job Name	Reason
P2526-02	Resources	Finance - Revenues, Systems & Exchequer	Procurement Cards (Follow-up)	Fieldwork ongoing at year end.
P2526-06	Resources	Procurement	Strategic Procurement	Start delayed until Q1 2026/27 – fieldwork now underway.
P2526-12	Learning, Skills & Economy	Inclusion	Pupil Referral Service (Follow-up)	Finalisation delayed due to new Headteacher taking up post. Due to now take place during 2026/27.
P2526-15	Learning, Skills & Economy	Resources & School Support	School Admissions & Appeals	Start delayed until Q1 2026/27 – fieldwork now underway.
P2526-16	Learning, Skills & Economy	Primary Schools	Goytre Fawr Primary	Fieldwork ongoing at year end.
P2526-17	Learning, Skills & Economy	Primary Schools	Osbaston Primary	Fieldwork ongoing at year end.
P2526-31	Social Care, Safeguarding & Health	Safeguarding	CLA Savings (Follow-up)	Fieldwork ongoing at year end.
P2526-33	Social Care, Safeguarding & Health	Public Protection	Food Safety	Food Standards Agency completed an audit in July 2025. No IA review undertaken to prevent a duplication of work.
P2526-37	Infrastructure	Transport	Fuel Management	Fieldwork ongoing at year end.
P2526-38	Infrastructure	Neighbourhood Services	Commercial Waste	Fieldwork ongoing at year end.
P2526-39	Infrastructure	Neighbourhood Services	Grounds Maintenance	Delayed until Q1 2026/27 – work underway.
P2526-42	Place	Development Control	Planning Obligations (S106)	Review not started.
P2526-53	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Duke of Edinburgh	Review not started.

## Appendix D

### Non opinion related audit work 2025/26 Internal Audit Added Value

Job number	Directorate	Service	Job Name
P2526-07	Resources	Resources General	Audit Advice
P2526-08	Resources	Resources General	Monitoring Implementation of Previous Recommendations
P2526-10	Law & Governance	Law & Governance General	Audit Advice
P2526-11	Law & Governance	Law & Governance General	Monitoring Implementation of Previous Recommendations
P2526-25	Learning, Skills & Economy	Learning, Skills & Economy General	Audit Advice
P2526-26	Learning, Skills & Economy	Learning, Skills & Economy General	Monitoring Implementation of Previous Recommendations
P2526-30	Social Care, Safeguarding & Health	Transformation	New Community Care System
P2526-34	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Audit Advice
P2526-35	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Financial Assessments
P2526-36	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Monitoring Implementation of Previous Recommendations
P2526-40	Infrastructure	Infrastructure General	Audit Advice
P2526-41	Infrastructure	Infrastructure General	Monitoring Implementation of Previous Recommendations
P2526-45	Place	Place General	Audit Advice
P2526-46	Place	Place General	Monitoring Implementation of Previous Recommendations
P2526-49	Chief Executives – Housing, Rural Development & Strategic Partnerships	Chief Executives – Housing, Rural Development & Strategic Partnerships	Audit Advice

<b>Job number</b>	<b>Directorate</b>	<b>Service</b>	<b>Job Name</b>
		General	
P2526-50	Chief Executives – Housing, Rural Development & Strategic Partnerships	Chief Executives – Housing, Rural Development & Strategic Partnerships General	Monitoring Implementation of Previous Recommendations
P2526-56	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - MonLife - General	Audit Advice
P2526-57	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - MonLife - General	Monitoring Implementation of Previous Recommendations
P2526-63	People, Performance and Partnerships	People, Performance & Partnerships General	Audit Advice
P2526-64	People, Performance and Partnerships	People, Performance & Partnerships General	Monitoring Implementation of Previous Recommendations
P2526-65	Corporate	Corporate	Annual Governance Statement

## Performance of the Internal Audit Section

Performance Indicator	2021/22	2022/23	2023/24	2024/25	Annual Target	2025/26
Percentage of planned audits completed	64%	72%	82%	82%	80%	80%
Average no. of days from end of fieldwork to issue of a draft report	6 days	4.4 days	1.8 days	1.8 days	10 days	2.6 days
Average no. of days from receipt of agreement to draft report to issue of the final report	5 days	8.5 days	1.4 days	3.8 days	5 days	3.1 days
Percentage of recommendations made that were accepted by the clients	99%	100%	100%	100%	95%	100%
Percentage of clients at least 'satisfied' by audit process	100%	100%	100%	100%	95%	100%

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<b>SUBJECT:</b>	<b>INTERNAL AUDIT Progress Report for Quarter 4 (2025/26) &amp; Quarter 2 Rolling Plan (2026/27)</b>
<b>DIRECTORATE:</b>	<b>Resources</b>
<b>MEETING:</b>	<b>Governance &amp; Audit Committee</b>
<b>DATE:</b>	<b>June 2026</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## 1. PURPOSE

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent conclusions issued to the end of the 2025/26 financial year (31<sup>st</sup> March 2026).

To consider and approve the audit reviews to be undertaken during the second quarter of the 2026/27 financial year.

## 2. RECOMMENDATION(S)

1. That the Committee note the audit conclusions issued.
2. That the Governance & Audit Committee 'Call-In' the Chief Officer for People, Performance & Partnerships to a future meeting to discuss the reasons for the second consecutive unfavourable audit conclusions in relation to Employee General Expenses and Employee Travel (Mileage) Claims, and to seek assurance that appropriate controls will be implemented urgently.
3. That the Committee note the progress made by the Section towards meeting the 2025/26 Operational Audit Plan and the Section's performance indicators at end of the financial year.
4. That the Committee approve the Internal Audit 'Rolling Plan' covering Quarter 2 2026/27.

## 3. KEY ISSUES

- 3.1 The Global Internal Audit Standards (GIAS) came into force for the UK public sector in April 2025 replacing the Public Sector Internal Audit Standards. A self-assessment and gap analysis of compliance to the new standards has been completed and an action plan is in place to ensure the team fully meet the requirements.

- 3.2 The year end opinion of the Councils internal control environment will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.
- 3.3 Attached as Appendix 1 to this report is the Internal Audit & Counter Fraud Update Report from the Chief Internal Auditor covering the period until the 31<sup>st</sup> March 2026.
- 3.4 The report included as Appendix 1 covers the following 5 areas.
1. Results from Internal Audit Reviews (Quarter 4 2025/26)
  2. Follow-up of Previous Audit Recommendations
  3. Quarterly Internal Audit Plan (Q2 2026/27)
  4. Counter Fraud Investigations and Outcomes
  5. Performance Indicators
- 3.5 As detailed in Appendix 1, two Internal Audit follow-up reviews were completed during Quarter 4 (2025/26) in relation to Employee General Expenses and Employee Travel (Mileage) Claims. Both reviews resulted in consecutive unfavourable (Limited Assurance) audit conclusions. The report sets out the reasons for these outcomes. Where consecutive unfavourable opinions have previously been issued, the Committee has considered it necessary to request the relevant Chief Officer to attend the subsequent meeting to provide assurance that appropriate controls will be implemented without delay.
- 3.6 In view of the nature of the findings arising from the Caldicot Castle review, and the subsequent 'No Assurance' audit conclusion, the results of that review will be presented and considered as a confidential paper.

#### **4. SERVICE MANAGEMENT RESPONSIBILITIES**

- 4.1 Chief Officers, Heads of Service and Service Managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans, they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 4.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Chief Officers and Heads of Service for information and appropriate action where necessary.

#### **5. RESOURCE IMPLICATIONS**

None.

#### **6. CONSULTEES**

Deputy Chief Executive / Strategic Director – Resources (S151 Officer)

**Results of Consultation:**

N/A

**7. BACKGROUND PAPERS**

Operational Audit Plan 2025/26

**8. AUTHORS AND CONTACT DETAILS**

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**MONMOUTHSHIRE  
COUNTY COUNCIL**  
INTERNAL AUDIT

# **INTERNAL AUDIT & COUNTER FRAUD**

## **UPDATE REPORT**

**JAN FURTEK**  
CMIIA CIA

CHIEF INTERNAL AUDITOR

2025/26 Quarter 4 Update  
2026/27 Quarter 2 Rolling Plan





# QUARTERLY REPORT CONTENT

1. Results from Internal Audit Reviews
2. Follow-up of Previous Audit Recommendations
3. Quarterly Internal Audit Plan
4. Counter Fraud Investigations and Outcomes
5. Performance Indicators





## SUMMARY OF AUDITS CONCLUSIONS

*Each Internal Audit report contains a conclusion (opinion) which is an overall assessment of the control environment reviewed.*

*The conclusions used are those recommended by CIPFA within their paper Internal Audit Engagement: Setting Common Definitions.*

CONCLUSION	DESCRIPTION
SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.



## SUMMARY OF AUDITS COMPLETED

*Assurance work and Conclusions issued in draft since the last update report.*

*It has been agreed that where an Unfavourable Conclusion has been issued further information will be provided to G&AC on the following slides (if applicable).*

Audit Title	Conclusion	Status
Monmouth Comprehensive School	Substantial Assurance	Draft
Shared Prosperity Fund	Substantial Assurance	Draft
Budgetary Control - Capital	Reasonable Assurance	Draft
Facilities & Building Cleaning (Follow-up)	Reasonable Assurance	Draft
Ysgol y Fenni	Reasonable Assurance	Draft
Caldicot School (Follow-up)	Reasonable Assurance	Draft
Schools Control Risk Self Assessments	Reasonable Assurance	Draft
Mardy Park (Follow-up)	Reasonable Assurance	Draft
MonLife Control Risk Self-Assessments	Reasonable Assurance	Draft
Recruitment & Selection	Reasonable Assurance	Draft
Employee Travel & Mileage Claims (Follow-up)	Limited Assurance	Draft
Employee General Expenses (Follow-up)	Limited Assurance	Draft
King Henry VIII 3-19 School	Limited Assurance	Draft
Caldicot Castle	No Assurance	Draft



**SUMMARY OF  
AUDITS**  
**UNFAVOURABLE  
CONCLUSION**

**Caldicot Castle – No Assurance**

Given the nature of the issues identified during this review, the findings will be submitted to the Governance & Audit Committee for consideration as a confidential paper.



# SUMMARY OF AUDITS UNFAVOURABLE CONCLUSION

## Employee General Expenses (Follow-Up) – Limited Assurance

This follow-up audit of Employee General Expenses (Dec 2025–Feb 2026) provides a Limited Assurance opinion for the second consecutive year. Only 4 of 12 prior recommendations have been fully implemented; key weaknesses remain in monitoring and challenge, policy compliance (including ‘miscellaneous expenses’), VAT evidence and VAT recovery, use of appropriate purchasing routes/coding, and the quality of claim narratives. A separate VAT review by Finance & Control also identified significant compliance issues.

The Governance & Audit Committee is asked to seek assurance on a time-bound recovery plan to implement outstanding actions, strengthen VAT compliance and recovery, and embed the revised policy; Internal Audit will monitor progress.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	7
MODERATE	Risk partially mitigated but should still be addressed.	2



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### Employee General Expenses (Follow-Up) – Limited Assurance

Ref.	MODERATE (cont.)
1.07	Not all claims included sufficient context or detail of business reason.
New 1.14	The revised Travel and Reimbursement policy had not been effectively communicated to all staff.

Ref.	SIGNIFICANT
1.02	Although second line checking had been introduced, the spreadsheet did not indicate if a 10% sample had been reviewed. No follow up or challenge with employees / management had taken place.
1.03	Expenditure was often outside the scope of the Travel and Reimbursement policy. There was no clear policy definition for when and how to claim 'Miscellaneous Expenses'. One claim was deemed to be inappropriate by the auditor
1.04	Despite the Pay & Reward Policy 2025 explicitly prohibiting the reimbursement of professional and subscription fees, such costs continued to be claimed and paid through miscellaneous expenses.
1.08	Meal-related expense claims often lacked sufficient narrative detail and clear coding, making it difficult to confirm compliance with HMRC rules or distinguish staff subsistence from service-user or hospitality spending.
1.09	For the sample tested, the receipts provided were insufficient, often missing official VAT documentation or essential details such as a VAT number and breakdown.
1.12	VAT was not being reclaimed on eligible purchases resulting in higher cost for the Authority.
1.13	Claims were made through miscellaneous expenses where established forms of purchasing should have been used. The accounting treatment of My View miscellaneous expenses was not reflective of the type of expenditure made.



## SUMMARY OF AUDITS UNFAVOURABLE CONCLUSION

### Employee Travel (Mileage) Expenses (Follow-Up) – Limited Assurance

This follow-up review again provides an unfavourable opinion for the Employee Travel (Mileage) Claim process, representing a second consecutive year of Limited Assurance for this area. While some actions have been partially implemented, the majority of key weaknesses remain, including incomplete second-line monitoring against HMRC expectations, insufficient journey detail and business rationale to support claims, incorrect home-to-work mileage deductions, inconsistent provision of valid VAT receipts, and a continued lack of robust managerial challenge at authorisation. In addition, arrangements for applying the correct mileage rates for Tusker salary-sacrifice vehicles and for evidencing driving licence/vehicle compliance checks remain inconsistent, increasing the risk of overpayments, regulatory non-compliance and financial loss unless management implements sustained, demonstrable improvements.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	7
MODERATE	Risk partially mitigated but should still be addressed.	1



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### Employee Travel (Mileage) Expenses (Follow-Up) – Limited Assurance

Ref.	MODERATE (cont.)
1.02 (new)	The Travel and Reimbursement policy had not been effectively communicated to all staff.

Ref.	SIGNIFICANT
1.01	Where second line monitoring of travel claims had been completed this was not a complete 10% check of claims as required by HMRC.  A high level of error was identified but there was no evidence to confirm that employees or managers had been contacted as a result.
1.03	Whilst there was some very recent, limited, improvement in the journey details provided from some employees the majority of claims still do not provide clear business reasons for the journeys.
1.04	Home to work mileage has either failed to be deducted or had been deducted incorrectly.
1.05	Valid VAT receipts were not always provided in support of mileage claims.
1.06	Although all claims were authorised by the relevant manager, the issues identified in the audit evidenced that management checks were not robust.
1.07	The Authority paid the standard mileage reimbursement amount for employees who were part of the Tusker Salary Sacrifice for Cars Scheme, as opposed to the rates outlined in the Travel and Reimbursement policy which was based on the HMRC Company Car Advisory Notice.
1.08	The management checks of employee driving licences were not sufficient.  There was no centralised monitoring of those using private vehicles on behalf of the Authority.



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### King Henry VIII 3-19 School – Limited Assurance

This unplanned reactive internal audit review concluded **Limited Assurance**, identifying significant gaps, weaknesses and non-compliance. Key issues included a projected deficit in excess of £2.2m by 31 Mar 2026 alongside weaknesses in deficit recovery and budget-setting/monitoring; non-compliant pay governance and other payroll/HR control weaknesses; weaknesses in income/lettings arrangements and system access controls; gaps in procurement documentation and retrospective ordering; incomplete asset/inventory records; and weaknesses in private fund governance (including commingling of charitable trust monies of c.£255k and lack of independent oversight).

It must be noted that testing of the School Private Fund was restricted because the 2024/25 records were off site and not returned during fieldwork period.

Two matters identified during the audit review remain under investigation and will be reported to the Governance & Audit Committee once complete.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	2
SIGNIFICANT	Important risk that requires attention as soon as possible.	25
MODERATE	Risk partially mitigated but should still be addressed.	18
STRENGTH	No risk. Sound operational controls and processes confirmed.	18



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### King Henry VIII 3-19 School – Limited Assurance

Ref.	CRITICAL
2.02	<p>The school had an increasing deficit budget, projected to be in excess of £2.2 million by the 31st March 2026. In addition;</p> <ul style="list-style-type: none"> <li>The school had significantly exceeded their agreed Deficit Recovery Plan without the permission of the Local Authority.</li> <li>The school had failed to set, agree and submit the 2025/26 budget by the required deadline.</li> <li>The 2025/26 budget was set containing errors and omissions, including the non-inclusion of some staff and their associated payroll costs. There was also a significant under estimation of known costs.</li> <li>Budget monitoring was not robust and did not always identify errors.</li> <li>Prompt mitigating action had not been taken to effectively manage the in-year budget or the overall deficit.</li> <li>The school budget was not a standing item on the Full Governing Body agenda.</li> </ul>
3.02	<p>The Pay Range of the Deputy Headteacher had been amended outside of the provisions of the School Teachers Pay &amp; Conditions (Wales) Document.</p>

Ref.	SIGNIFICANT
1.05	No rental / lease agreement existed between the School and Little Oaks Flying Start. The rental amount had not been formally agreed with the hirer or by the Governing Body. No income had yet been collected for 2025/26 or included within the school's budget forecast.
1.06	A shared use agreement for the leisure facilities had not been entered into with MonLife.
1.07	Safeguarding and risk assessment documentation had not been provided to the school by organisations who regularly lease parts of the school.
1.08	External catering staff had full access to the schools ParentPay system.
2.03	The school had not entered into any supply insurance scheme. The decision-making process for this could not be evidenced.
3.03	Caretaking staff were being paid at an incorrect overtime rate. This resulted in overpayments.
3.04	Return to Work Discussion forms had not been completed for all periods of sickness absence.
3.05	Not all staff had completed a Register of Business Interest form. There was an undeclared business interest.
3.06	Not all payroll forms had been authorised by the Headteacher / nominated senior representative.
3.07	Donations had been received and not declared within the Gifts and Hospitality Register.
3.08	Driver and vehicle checks had not been undertaken for all staff.
4.04	An external third party was used to procure and manage two large contracts without evidence of Governing Body consideration or approval. No procurement exercise was undertaken to support their appointment, and no evidence was available to demonstrate that the arrangement represented value for money.



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### King Henry VIII 3-19 School – Limited Assurance

Page 43

Ref.	SIGNIFICANT (cont.)
4.05	Purchase orders were often raised retrospectively.
4.06	Adequate procurement documentation was not retained to demonstrate compliance with Contract Procedure Rules or to confirm that value for money had been achieved.
4.07	Receipts relating to Procurement Card transactions had not always been uploaded to Business World. VAT was not always reclaimed where appropriate.
5.02	The level of detail provided on the school's inventory was insufficient.
5.03	The details of IT equipment provided to staff was not recorded and no signed handover agreement was in place.
6.01	A significant amount of money (£255k) belonging to the Godfrey Watkins Charitable Foundation was retained in the School Private Fund.
6.02	Despite a substantial balance of £381k, the School Private Fund was not held in an interest-bearing bank account.
6.03	No monthly reconciliation of the School Private Fund cashbook or bank statements was documented. There was no evidence the fund had been reviewed by the Headteacher or nominated independent representative on a regular basis.

Ref.	SIGNIFICANT (cont.)
6.05	There was no evidence that a closing audit of the Deri View School Private Fund had been completed.  The fund balance transferred did not agree to the Annual Statement of Account at the date of closure of Deri View Primary School.
7.04	Not all Governing Body Pay Review Sub-Committee minutes were available for inspection. Where held, the minutes sometimes provided inadequate levels of detail.
8.06	Safeguarding information for visitors was not on display within the reception area nor included on the electronic signing in system.
8.07	School trips requiring statutory Local Authority approval (adventurous activities and overseas trips) had not always been submitted and approved within the timeframes set by the MCC Educational Visits Policy.

Ref.	MODERATE
1.09	Three senior employees were set up on the catering system to receive free meals which was not in accordance with the school's policy. The reason(s) for members of staff being provided with a free meal was not recorded.
1.10	Cash stored prior to banking had exceeded the insurance limit of the safe. The Headteacher did not have independent access to the school safe.
1.11	Income was not always banked in a timely manner and was not always recorded correctly on the general ledger
1.12	It could not be confirmed that bankings had been subject to a secondary check.



# SUMMARY OF AUDITS

## UNFAVOURABLE CONCLUSION

### King Henry VIII 3-19 School – Limited Assurance

Ref.	MODERATE (cont.)
1.13	Rental charges did not always agree to the rates approved by the Governing Body. Income relating to lettings was received in arrears rather than in advance of the hire.
1.14	The school did not outline its invoicing, payment and refund arrangements in the Lettings Policy or on the booking form. The school raised its own invoices rather than using the corporate debtors system. Lettings income was being banked into the School Private Fund.
2.04	The current year School Development Plan did not detail the approximate financial costings, nor was the document published on the schools website.
2.05	The Governing Body had not agreed a virement limit for the Headteacher.
3.09	Additional hour batch input confirmation sheets had not been reviewed by the Headteacher / nominated independent representative.
3.10	In some instances, documentation had not been completed for periods of special leave of absence.

Ref.	MODERATE (cont.)
3.11	Annual Leave records for applicable non-teaching staff had not been maintained.
3.12	Sickness documentation was not routinely filed.
4.09	Procedures were not in place to monitor outstanding purchase orders.
4.10	Procurement Cards were being held in the safe and could be accessed by non-cardholders.
4.11	Valid VAT receipts were not always obtained for all purchases from the school's Imprest account. Some purchases should have been made through alternative procurement channels.
6.06	The school did not hold a copy of the School's Private Fund bank mandate or other documentation confirming the signatories on the account.
6.07	Where significant surpluses had been made on school trips they were not always redistributed or repaid to participants.



## SUMMARY OF AUDITS YEAR TO DATE

*The number of Audit  
Conclusions / Opinions  
issued since 01<sup>st</sup> April 2025  
(2025/26 Financial Year).*

Conclusion	Number
Substantial Assurance	7
Reasonable Assurance	17
Limited Assurance	6
No Assurance	1
Unqualified (Grant Claim)	1
Qualified (Grant Claim)	0
Total Conclusions issued	<b>32</b>



# SUMMARY OF AUDITS IN PROGRESS

*Audit work currently in progress where no draft report has yet been issued.*

*This is as of 30/04/26*

Audit Title	IA Plan	Directorate	Fieldwork % Complete			
			25%	50%	75%	100%
Fuel Cards (2025/26)	c/f 2025/26	Infrastructure				
Commercial Waste (2025/26)	c/f 2025/26	Infrastructure				
Goytre Fawr Primary School (2025/26)	c/f 2025/26	CLSE				
Procurement Cards (Follow-Up)	c/f 2025/26	Resources				
CLA Savings (Follow-Up)	c/f 2025/26	Social Care & Safeguarding				
Corporate Safeguarding	2026/27 Q1	Social Care & Safeguarding				
Seven View Park	2026/27 Q1	Social Care & Safeguarding	Delayed to Q2 due to change in management			
Procurement	2026/27 Q1	Resources				
Additional Payments (Schools)	2026/27 Q1	PPP	Consultancy & Advice			
School Admissions	2026/27 Q1	CLSE				
Osbaston Primary School	2026/27 Q1	CLSE				
Raglan VC Primary School	2026/27 Q1	CLSE				
Licensing	2026/27 Q1	Social Care & Safeguarding				
Grounds Maintenance	2026/27 Q1	Infrastructure				



## SUMMARY OF AUDITS VALUE ADDED

*Value-added audit work is internal audit activity that improves organisational performance by providing meaningful assurance, practical insights, and recommendations that enhance governance, risk management, and operational effectiveness.*

*Advice is often delivered by email, through Microsoft Teams calls, or as part of an internal audit review. The Audit team also contributes to several programme boards, including the New Social Care Management System and the Information Governance Group, to provide insight.*

Audit Title	Type of Work
Resources	Financial Advice
Law & Governance	Financial Advice
Learning, Skills & Economy	Financial Advice
Social Care, Safeguarding & Health	Financial Advice
Infrastructure	Financial Advice
Place	Financial Advice
Chief Executives – Housing, Rural Development & Strategic Partnerships	Financial Advice
Customer, Culture and Wellbeing - Mon Life	Financial Advice
People, Performance and Partnerships	Financial Advice
Corporate	Annual Governance Statement
New Social Care Management System Project Board	Advice & Consultancy



## FOLLOW-UP AUDITS PREVIOUSLY UNFAVOURABLE

The requirement for follow-up sits within the Global Internal Audit Standards **Domain V: Performing Internal Audit Services**, specifically under **Principle 15 – Communicate Engagement Conclusions and Monitor Action Plans**.

Unfavourable audit opinions (Limited or No Assurance) are formally followed up to confirm that agreed actions have been implemented and controls improved. A revised conclusion will be issued and reported to the G&AC.

For Substantial or Reasonable Assurance opinions, responsible officers must complete a self-assessment, which Internal Audit may validate through testing.

Follow-up reviews are scheduled based on the date of the final report allowing enough time for management actions to be implemented and then embedded.

Year	Audit Title	Opinion	Status	
2023/24	Employee Mileage	Limited	Limited	
	General Expenses	Limited	Limited	
	Children Looked After Savings	Limited	Fieldwork	
2024/25	Procurement Cards	Limited	Fieldwork	
	Mardy Park Residential	Limited	Reasonable	
	Facilities & Building Cleaning	Limited	Reasonable	
	Bank Imprest - Severn View	Limited	2026/27 Q2	
	Caldicot School	Limited	Reasonable	
	Supply Staff at Schools	Limited	2026/27 Q3	
	Contract Management	Limited	2026/27 Q4	
	Pupil Referral Service	Limited	2026/27 Q3	
	2025/26	My Mates	Limited	2026/27 Q4
		H&S Building Compliance	Limited	2026/27 Q4
Deprivation of Liberty Safeguards		Limited	2026/27 Q4	
King Henry VIII 3-19 School		Limited	2026/27 Q4	
Caldicot Castle		No Assurance	2026/27 Q2	



# FOLLOW-UP AUDITS

## ALL AUDIT REVIEWS

The Internal Audit team issued 122 recommendations during the 2024/25 financial year. The table across provides an overall summary of results of the follow-up activity for all opinions issued.

Overall, 93% of recommendations had either been fully or partially implemented. This was a slight decrease from 96% in the previous year.

From the 2026/27 year, follow-up's of favourable opinions will now take place on a rolling basis in the next quarter following 1 complete year from report finalisation.

Measure	Number	Percentage
Recommendations fully implemented	76	62%
Recommendations partially implemented	38	31%
Recommendations fully or partially implemented	114	93%
Recommendations not implemented	6	5%
Recommendations considered no longer relevant	2	2%
Responses not received	0	0%
Total number of recommendations	122	100%



# AUDIT PLAN

## NON-NEGOTIABLES

*As agreed within the Internal Audit Strategy 2026-27, there are a number of areas to be considered within each Quarterly Internal Audit plan considered to be non-negotiables.*

*The table opposite details these areas and when a review of the area can be next expected.*

Audit Title	Directorate	Type of Review	Last Reviewed	Next Review
Payroll	People, Policy & Performance	Assurance	2022/23	2027/28
Budgetary Control (Revenue)	Resources	Assurance	2021/22	2027/28
Budgetary Control (Capital)	Resources	Assurance	2025/26	2028/29
Procurement	Resources	Assurance	2024/25	2026/27 Q1
Creditors	Resources	Assurance	2023/24	2027/28
Procurement Cards	Resources	Assurance	2025/26	2027/28
Debtors	Resources	Assurance	2025/26	2028/29
Council Tax	Resources	Assurance	2023/24	2027/28
National Non Domestic Rates (NDR)	Resources	Assurance	2022/23	2026/27 Q3
Housing Benefits	Resources	Assurance	2023/24	2028/29
Health & Safety	Resources	Assurance	2019/20	2026/27 Q2
Safeguarding	Social Care & Safeguarding	Assurance	2020/21	2026/27 Q1
Annual Governance Statement	Cross Cutting	Assurance	Annual	Annual
Financial Advice	Cross Cutting	Added Value	Ongoing	Ongoing
Financial Assessments (Social Care Providers)	Social Care & Safeguarding	Added Value	Ongoing	Ongoing



## AUDIT PLAN QUARTER 2

*Based on the ongoing rolling Internal Audit Plan, the Chief Internal Auditor has identified the areas scheduled for review during this quarter.*

*A risk-based internal auditing approach has been applied to prioritise the team's workload for the period. These priorities may be adjusted if organisational needs or risk levels change.*

Audit Title	Directorate	Type of Review	Risk	Status
Health & Safety	Resources	Assurance	High	Planned
Data Protection	Resources	Assurance	High	Planned
Caldicot Castle (Follow-Up & Admin Processes)	Place & Community Wellbeing	Assurance	High	Planned
Vehicle Usage & Enterprise Car Scheme	Infrastructure	Assurance	Medium	Planned
Secondments	People, Policy & Performance	Assurance	Medium	Planned
School Exclusions	Children, Learning, Skills & Economy	Assurance	Medium	Planned
New Children's Home	Social Care & Safeguarding	Assurance	Medium	Planned
Section 106 Funding	Place & Community Wellbeing	Assurance	Medium	Planned
Housing Support Grant	Social Care & Safeguarding	Grant Review	Medium	Planned
Follow-Up of Recommendations	Cross Cutting	Follow-up	Medium	Continuous
Annual Governance Statement	Corporate	Added Value	Medium	Planned
Financial Advice	Cross Cutting	Added Value	Medium	Continuous
Follow-up of Recommendations (reports finalised Q1 2025/26)	Cross Cutting	Added Value	Medium	Continuous
New Social Care Management System (Project Board Advisor)	Social Care & Safeguarding	Added Value	High	On-going



# COUNTER FRAUD

## CURRENT INVESTIGATIONS

*These are the investigations or pieces of Counter Fraud work which were ongoing at the end of the quarter.*

*After an initial review, some concerns may be deemed not to require any further action. Others may be investigated directly by Internal Audit, or the team may provide support to other Council officers who are appointed as the formal Investigating Officer.*

Year	Investigation Title	Reason for Investigation	Status
2025/26	Overtime payments (Cross Cutting)	Proactive review	Ongoing
	Employee E (School Based)	Inappropriate payments & non-compliance with Policy	Ongoing



# COUNTER FRAUD INVESTIGATION OUTCOMES

*These are investigations or proactive pieces of Counter Fraud work completed which have been deemed as being closed at the end of the quarter.*

*Where necessary, concerns may be passed to outside agencies such as the Police, Social Care Wales or the Education Workforce Council.*

Year	Investigation Title	Reason for Investigation	Outcome
2025/26	Employee F (Social Care & Health)	Secondary employment & safeguarding	Dismissal



# INTERNAL AUDIT

## PERFORMANCE INDICATORS

Page 54

	2024/25	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	10%	32%	49%	<b>82%</b>	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2.7 days	1.7 days	2.3 days	<b>1.8 days</b>	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A*	3.3 days	3.0 days	<b>3.8 days</b>	10 days
4	Percentage of recommendations made that were accepted by the clients	N/A*	100%	100%	<b>100 %</b>	95%
5	Percentage of clients at least 'satisfied' by audit process	N/A*	100%	100%	<b>100 %</b>	95%

	2025/26	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	9%	30%	48.5 %	<b>80.3%</b>	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	1.5 days	3.2 days	3.7 days	<b>2.6 Days</b>	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A	3.9 days	2.4 days	<b>3.1 days</b>	10 days
4	Percentage of recommendations made that were accepted by the clients	N/A	100%	100%	<b>100 %</b>	95%
5	Percentage of clients at least 'satisfied' by audit process	N/A	100%	100%	<b>100%</b>	95%

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

**Meeting and Date of Meeting: Governance & Audit Committee – 04/06/26**

**Report: Progress Report for Quarter 4 (2025/26) & Quarter 2 Rolling Plan (2026/27)  
– Slides 24 & 25 from Appendix 1 PowerPoint Presentation**

**Author: Jan Furtek**

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

**Exemptions applying to the report:**

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

**Factors in favour of disclosure:**

Openness & transparency in matters concerned with the public

**Prejudice which would result if the information were disclosed:**

The Internal Audit Review of Caldicot Castle highlighted a number of control weaknesses with the operation of the site which require internal controls to be reestablished and verified.

**My view on the public interest test is as follows:**

Factors in favour of disclosure are outweighed by those against.

**Recommended decision on exemption from disclosure:**

Maintain exemption from publication in relation to report

Date: 06/05/26

Signed:



Post: Chief Internal Auditor

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I accept the recommendation made above

Signed: Peter Davies, Deputy Chief Executive & Strategic Director – Resources

Date: 13/05/2026

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## REPORT

<b>SUBJECT:</b>	<b>2025/26 TREASURY MANAGEMENT OUTTURN REPORT</b>
<b>MEETING:</b>	<b>Governance &amp; Audit Committee</b>
<b>DATE:</b>	<b>4 June 2026</b>
<b>DIVISIONS/WARD AFFECTED:</b>	<b>All</b>

### 1. **PURPOSE:**

- 1.1. The Prudential Code and CIPFA treasury guidance require local authorities to produce annually a Treasury Management Strategy Statement and Prudential Indicators on their likely financing and investment activity, and to ensure that the appropriate governance function that oversees the treasury management activities of the Authority is kept informed of activity quarterly.
- 1.2. This report presents the 2025/26 Treasury Management Outturn and year-end prudential indicator position and is brought to the committee to enable it to discharge its delegated role in scrutinising treasury management activity, including performance against the approved strategy and compliance with prudential limits and indicators.

### 2. **RECOMMENDATIONS:**

- 2.1. That Governance & Audit Committee considers the 2025/26 Treasury Management Outturn report, including performance against the approved Treasury Management Strategy and compliance with treasury limits and prudential indicators, in order to discharge its delegated scrutiny and assurance responsibilities on behalf of Council.

### 3. **KEY ISSUES:**

#### 3.1. **Key data metrics at quarter end:**

Type	Metric	Q4 2425	Q1 2526	Q2 2526	Q3 2526	Q4 2526
External	Bank of England base rate	4.50%	4.25%	4.00%	3.75%	<b>3.75%</b>
External	UK Consumer Prices Index	2.6%	3.6%	3.8%	3.2%	<b>3.2%</b>
External	10-year UK gilt yield	4.69%	4.49%	4.70%	4.48%	<b>4.86%</b>
Internal	Borrowing	£202.3m	£208.2m	£179.2m	£182.8m	<b>£197.6m</b>
Internal	Borrowing Average rate	3.90%	3.93%	3.72%	3.69%	<b>3.77%</b>
Internal	Investments	£16.0m	£37.0m	£11.7m	£12.0m	<b>£17.7m</b>
Internal	Investment Average rate	5.17%	4.40%	4.57%	4.56%	<b>4.33%</b>
Internal	Credit score/rating	A+ / 4.50	AA- / 4.50	AA- / 4.44	AA- / 4.45	<b>A+ / 4.51</b>

### 3.2. Key messages:

Treasury management activities undertaken during 2025/26 complied fully with the CIPFA code and the limits and indicators set out in the Authority's approved Treasury Management Strategy.

The Authority's average cost of borrowing increased slightly over the full year from 3.72% at quarter 2 to 3.77% at year end, while remaining below the 3.90% position reported at 31 March 2025.

Cash balances increased over the quarter from £12.0m to £17.7m. During 2025/26, the Authority's investment balances ranged between £11.0m and £48.0m, reflecting the timing of income receipts and expenditure, and achieved an average return of 4.33% at year end.

Investments in externally managed pooled funds generated £222k of income during the year, equivalent to a 5.39% income return, together with a £209k unrealised capital gain.

Accumulated unrealised capital losses over the lifetime of these pooled fund investments stand at £178k, for which the Authority maintains an adequate treasury risk reserve to mitigate against any future realisation.

The Authority continues to invest in a specific Environmental, Social and Governance (ESG) investment product and prioritises it where returns remain competitive. At 31 March 2026 this product returned 3.68% compared with an average rate of 3.77% for all Money Market Funds.

Non-treasury investments, comprising the Authority's Solar Farm and two strategic property assets, generated a net surplus of £454k in 2025/26 and an overall return of 1.61%.

## 4. ECONOMIC SUMMARY

- 4.1. **Economic Overview:** The financial year was characterised by heightened uncertainty and volatility, driven primarily by two major geopolitical events: the US trade tariff measures introduced in April 2025 and the outbreak of conflict between the US/Israel and Iran in February 2026. Following the initial market disruption from trade tariffs, global conditions stabilised somewhat, with equity markets recovering and bond yields easing; however, in the UK, gilt yields later rose due to concerns over the fiscal outlook and the autumn Budget, as investors demanded higher returns. The Budget itself proved less severe than anticipated, supporting improved market sentiment, with falling gilt yields, easing inflation, and increasing expectations of Bank of England rate cuts. Toward the end of the period, the escalation of conflict in the Middle East led to sharp increases in oil and commodity prices due to disrupted supply routes, leaving the global economic outlook highly uncertain, particularly in relation to inflation and future fiscal and monetary policy responses
- 4.2. **UK Economic and Monetary Policy Developments:** UK economic conditions remained subdued, with inflation moderating prior to the outbreak of conflict, as CPI held at 3.0% in February 2026 and was expected to fall toward the Bank of England's 2% target; however, the escalation of war has introduced renewed upward pressure on inflation, driven by higher commodity prices and increased uncertainty. Economic growth remained weak, with marginal GDP expansion through 2025 and no growth recorded in January 2026, while labour market conditions showed ongoing softness, with rising unemployment and limited wage pressure. Against this backdrop, the Bank of England adopted a cautious stance, holding Bank Rate at 3.75% in early 2026 after a prior cut, as policymakers weighed

risks to both inflation and growth. While markets had initially anticipated further rate reductions, the conflict shifted expectations toward potential rate increases, with the outlook for monetary policy now highly uncertain; in the near term, there is a risk of tighter policy to contain inflation, while over the medium term, weaker growth could prompt more significant easing.

4.3. **Financial Markets and Credit Conditions:** Financial markets experienced significant volatility throughout the year, initially declining sharply following the announcement of US tariffs before partially recovering, only to weaken again amid the escalation of the US/Israel conflict with Iran. This latter event drove a sharp fall in equity markets— with the FTSE 100 and 250 both declining by around 10% over the final month—while bond yields rose as inflation concerns linked to higher oil and commodity prices outweighed typical safe-haven demand. Gilt yields were notably volatile, with the 10-year yield fluctuating widely before ending slightly higher over the year, and similar movements observed across longer maturities, while SONIA averaged 4.01%. From a credit perspective, counterparty limits remained broadly conservative, and despite several ratings upgrades across major banks and institutions by Fitch, Moody’s, and S&P, there were some notable downgrades, reflecting a mixed but broadly resilient credit environment.

## 5. BORROWING ACTIVITY

Lender	31 Mar 2025 Balance £m	31 Mar 2025 Weighted Average Rate %	31 Mar 2025 Weighted Average Maturity (years)	Balance Movement	31 Mar 2026 Balance £m	31 Mar 2026 Weighted Average Rate %	31 Mar 2026 Weighted Average Maturity (years)
Public Works Loan Board	145.5	3.7	17.0	13.2	158.7	3.7	15.2
Banks (LOBO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Welsh Gov Interest Free	6.7	0.0	2.7	(0.8)	5.9	0.0	2.4
Local authorities /Other	50.0	5.3	0.4	(17.0)	33.0	4.7	0.1
<b>Total borrowing</b>	<b>202.3</b>	<b>3.9</b>	<b>12.4</b>	<b>(4.6)</b>	<b>197.6</b>	<b>3.77</b>	<b>12.3</b>

5.1. The Authority maintained its borrowing strategy focused on affordability and long-term debt stability, continuing to rely on internal borrowing where possible. Gilt yields remained volatile and ended the year up. Public Works Loan Board (PWLB) rates fluctuated across maturities, with 10-year loans ranging from 5.13% to 5.88%, and short-term borrowing costs from other local authorities broadly aligned with the Base Rate at 3.0% to 4.50%. The Authority’s average short-term borrowing rate decreased slightly over the quarter, reflecting lower market rates.

5.2. As of 31st March 2026, the Authority's total borrowing stood at £197.6m, a decrease of £4.6m year-on-year. The slight decrease in total borrowing reflects timing differences, as new temporary loans were drawn shortly before the maturity of the loans they were intended to replace.

5.3. The Authority continues to balance securing low interest costs with maintaining flexibility to adjust borrowing in line with evolving long-term plans, ensuring a prudent and responsive approach to debt management.

## 6. **INVESTMENT ACTIVITY**

6.1. During the final quarter, the Authority's investment balances ranged between £12.0m and £37.0m, reflecting timing differences between income receipts and expenditure. Over the full financial year, balances fluctuated between £11.0m and £48.0m. The movement in investments throughout the year is summarised below:

Investment Type	31 Mar 2025 Balance £m	Net Movement £m	31 Mar 2026 Balance £m	31 Mar 2026 Income Return %	31 Mar 2026 Weighted Average Maturity Days
Banks & building societies (unsecured)	(2.0)	0.0	(2.0)	Average 4.02% (5.09% 24/25)	Up to 180 days
Government (incl. local authorities)	(3.0)	0.0	(3.0)		
Money Market Funds (MMFs)	(7.0)	(1.7)	(8.7)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.39% (5.42% 24/25)	N/A
<b>Total investments</b>	<b>(16.0)</b>	<b>(1.7)</b>	<b>(17.7)</b>	<b>4.33%</b> <b>(5.17% 24/25)</b>	

6.2. Bank Rate reduced by 0.75% over the year to 3.75% with short term interest rates largely being around this level. The rates on DMADF deposits ranged between 3.70% and 4.45% and money market rates between 3.67% and 4.27%.

6.3. **Externally Managed Pooled Funds:** £4m of the Authority's investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.

6.4. These funds provide an important diversification for the Authority and generated £222k (5.39%) income return, together with a £209k (5.08%) unrealised capital gain over the year.

6.5. Accumulated unrealised capital losses over the lifetime of the investment stand at £178k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.

**7. Environmental, Social and Governance**

7.1. During the first half of the year, the Council reviewed its investment portfolio against three voluntary ESG charters. During the year, the Net Zero Asset Managers (NZAM) initiative has suspended its activities and revised its commitment statement, removing binding requirements and reducing transparency for investors. In response the Council decided to no longer use NZAM as a formal criterion when assessing potential investments, while continuing to monitor future developments.

7.2. The authority continues to hold an ESG specific Investment product. This fund aims to provide security of capital and liquidity while focussing on the performance of the underlying issuers on a range of environmental, social and governance.

7.3. At 31<sup>st</sup> March 2026, the Authority’s ESG-specific Money Market Fund returned 3.68% compared to an average rate of 3.77% for all Money Market Funds.

**8. NON-TREASURY INVESTMENTS:**

8.1. The Authority held a net book value of £28.19m of such non-financial asset investments at the 31<sup>st</sup> March 2025 (£31.1m as at 31<sup>st</sup> March 2024) made up of:

	<b>(Surplus) / deficit 2025/26</b>	<b>Carrying Value 31 Mar 2026</b>	<b>Return 2025/26</b>	<b>Return 2024/25</b>
	<b>£000's</b>	<b>£000's</b>	<b>%</b>	<b>%</b>
Oak Grove Solar Farm	(474)	5,785	8.47	5.25
Newport Leisure Park & service loan	(266)	15,616	1.70	1.41
Castlegate Business Park	286	6,784	-4.22	-7.56
<b>Total</b>	<b>(454)</b>	<b>28,185</b>	<b>1.61</b>	<b>1.06</b>

8.2. The investment at Oak Grove Solar Farm continues to provide a substantial return on investment for the Council. Overall returns were higher during 2025/26, reflective of favourable weather conditions and the ability of the Council to export energy.

8.3. The investment at Newport Leisure Park continues to provide a diversified income stream for the Authority and delivered a net return of 1.7% in 2025/26. While this remains marginally below the original 2% net ROI target, performance remains broadly consistent with the April 2026 commercial update report to P&O committee, which identified the asset as continuing to generate a strong net return, with the final vacant unit under offer and forecast performance improving further in 2026/27.

8.4. The investment at Castlegate Business Park delivered a net negative return of -4.22% in 2025/26. While this reflects the continuing financial impact of voids, business rates and site-specific pressures, the asset has a broader strategic purpose than income generation alone,

supporting employment and economic development within the county. This remains consistent with the April 2026 commercial update report, which noted improved letting activity, continued occupation by a range of businesses, and active steps to improve medium-term performance through re-letting vacant space and ongoing negotiations with occupiers

- 8.5. A more detailed report on the performance of these investments is considered periodically by the Performance & Overview scrutiny committee.

9. **Compliance with treasury limits and indicators**

- 9.1. The Section 151 officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.

10. **CONSULTEES**

Cabinet Member – Resources

Head of Finance

Deputy Chief Executive, Strategic Director Resources (Section 151 Officer)

Arlingclose Limited – External Treasury management advisors to Monmouthshire CC

11. **APPENDICIES**

Appendix 1 – 2025/26 Treasury Management Outturn Report

12. **AUTHORS**

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## 2025/26 Treasury Management Outturn Report as at 31<sup>st</sup> March 2026

Section 1	External market conditions
Section 2	Movement in treasury balances
Section 3	Borrowing activity during the year
Section 4	Investment Activity during the year
Section 5	Environmental, Social and Governance
Section 6	Non-treasury investments
Section 7	Treasury budget performance.
Section 8	Compliance with prudential indicators and treasury limits

### 1. External market conditions

- 1.1. Economic background: The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.
- 1.2. After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts
- 1.3. The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.
- 1.4. The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.
- 1.5. Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.
- 1.6. The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.
- 1.7. While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

- 1.8. After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.
- 1.9. Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.
- 1.10. The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.
- 1.11. The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.
- 1.12. **Financial markets:** After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.
- 1.13. Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.
- 1.14. The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.
- 1.15. **Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 1.16. Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

- 1.17. Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.
- 1.18. After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 1.19. Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.
- 1.20. Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

## 2. Movement in Treasury balances

- 2.1. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available to offset the CFR or for investment.

**Table 1: Balance Sheet Summary**

Item	31 Mar 2025	30 Jun 2025	30 Sep 2025	31 Dec 2025	31 Mar 2026	Year on year Movement
General Fund CFR	209.6	216.0	216.0	226.8	<b>226.8</b>	17.2
Less: Other debt liabilities*	(1.9)	(1.9)	(1.9)	(1.9)	<b>(1.8)</b>	0.1
<b>Borrowing CFR</b>	<b>207.7</b>	<b>214.1</b>	<b>214.1</b>	<b>224.9</b>	<b>225.0</b>	<b>17.3</b>
Less: External borrowing	(202.3)	(208.2)	(179.2)	(182.8)	<b>(197.6)</b>	4.7
<b>Net External borrowing</b>	<b>5.4</b>	<b>5.9</b>	<b>34.9</b>	<b>42.1</b>	<b>27.5</b>	<b>22.1</b>
Less: Usable reserves	(25.3)	(25.3)	(35.2)	(25.5)	<b>(42.5)</b>	(17.2)
Less: Working capital	3.9	(17.6)	(11.4)	(28.6)	<b>(2.7)</b>	(6.6)
<b>Net Investments</b>	<b>(16.0)</b>	<b>(37.0)</b>	<b>(11.7)</b>	<b>(12.0)</b>	<b>(17.7)</b>	<b>(1.7)</b>

\* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

- 2.2. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels for the final quarter, known as internal borrowing. Table 1 above highlights that at the end of the financial year the Authority was internally borrowed by £27.5m, meaning that reserves and working capital were being used first, prior to taking external borrowing.
- 2.3. During the final quarter, the Authority's investment balances ranged between £12.0m and £37.0m, reflecting timing differences between income receipts and expenditure. Over the full financial year, balances fluctuated between £11.0m and £48.0m.
- 2.4. The treasury management position at 31st March 2026 and the change during the year is shown in Table 2 below.

**Table 2: Borrowing and Investment Summary**

Item	31 Mar 2025 Balance £m	31 Mar 2025 Rate %	Movement	31 Mar 2026 Balance £m	31 Mar 2026 Rate %
Long-term borrowing	138.7	3.50	0.2	138.9	3.51
Short-term borrowing	63.6	4.90	(4.9)	58.7	4.39
<b>Total borrowing</b>	<b>202.3</b>	<b>3.9</b>	<b>(4.7)</b>	<b>197.6</b>	<b>3.77</b>
Long-term investments	0.0	N/A	0.0	0.0	N/A
Short-term investments	(3.0)	5.09	0.0	(3.0)	4.02
Pooled Funds	(4.0)	5.42	0.0	(4.0)	5.39
Cash and cash equivalents	(9.0)	Included in ST above	(1.7)	(10.7)	Included in ST above
<b>Total investments</b>	<b>(16.0)</b>	<b>5.17</b>	<b>(1.7)</b>	<b>(17.7)</b>	<b>4.33</b>
<b>Net Borrowing</b>	<b>186.3</b>		<b>(6.4)</b>	<b>179.9</b>	

### 3. Borrowing activity during the year

- 3.1. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, known as internal borrowing.
- 3.2. Gilt yields slightly decreased over most of the period, reflecting expectations of lower interest rates, a tepid economy and, to some extent, an improvement in the UK government's fiscal position following tax rises in the autumn Budget. Subsequent to the war in the Middle East, however, gilt yields rose rapidly to above the level at the beginning of the financial year.
- 3.3. The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the

period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

- 3.4. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.
- 3.5. The Authority's short-term borrowing costs declined over the year, reflecting reductions in the Base Rate and short-dated market rates, before a modest increase in the final quarter. The average rate on the Authority's short-term loans at 31st March 2026 on £58.7m was 4.39%, this compares with 4.36% on £54.4m loans 3 months ago and 4.90% on £63.6m at 31<sup>st</sup> March 2025.
- 3.6. At 31st March 2026 the Authority held £197.6m of loans, a decrease of £4.6m year-on-year, as a greater proportion of internal reserves and working capital was used to fund the capital financing requirement. Outstanding loans are summarised in Table 3 below.

**Table 3: Borrowing Position**

Lender	31 Mar 2025 Balance £m	31 Mar 2025 Weighted Average Rate %	31 Mar 2025 Weighted Average Maturity (years)	Balance Movement £m	31 Mar 2026 Balance £m	31 Mar 2026 Weighted Average Rate %	31 Mar 2026 Weighted Average Maturity (years)
Public Works Loan Board	145.5	3.7	17.0	13.2	158.7	3.7	15.2
Banks (LOBO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Welsh Gov Interest Free	6.7	0.0	2.7	(0.8)	5.9	0.0	2.4
Local authorities /Other	50.0	5.3	0.4	(17.0)	33.0	4.7	0.1
<b>Total borrowing</b>	<b>202.3</b>	<b>3.9</b>	<b>12.4</b>	<b>(4.6)</b>	<b>197.6</b>	<b>3.77</b>	<b>12.3</b>

- 3.7. The Authority's chief objective when borrowing remains to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for

which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

- 3.8. To that end, during the year some short-term borrowing was replaced with long-term PWLB borrowing at competitive rates of interest.

**Table 4: Long-dated Loans borrowed**

Loan	Amount £m	Rate %	Period (years)
PWLB EIP Loan – 14/04	3.0	4.51	5.0
PWLB EIP Loan – 14/10	5.0	4.85	9.5
PWLB EIP Loan – 22/10	3.0	4.67	10.0
PWLB EIP Loan – 14/01	5.0	4.67	9.0
PWLB Maturity – 10/03	7.0	4.59	1.17
<b>Total</b>	<b>23.0</b>		

- 3.9. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 3.10. The Authority currently holds commercial investments that were purchased prior to the change in the CIPFA Prudential Code. The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able to access PWLB borrowing if considered cost effective.

## 4. Investment activity

- 4.1. The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 4.2. The Authority holds significant invested funds during the year, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged from between £11.0m and £48.0m due to timing differences between income and expenditure. The investment position at the end of the year was:

**Table 6: Treasury Investment Position**

Investment Type	31 Mar 2025 Balance £m	Net Movement £m	31 Mar 2026 Balance £m	31 Mar 2026 Income Return %	31 Mar 2026 Weighted Average Maturity (Days)
Banks & building societies (unsecured)	(2.0)	0.0	(2.0)	Average 4.02% (5.09% 24/25)	Up to 180 days
Government (incl. local authorities)	(3.0)	0.0	(3.0)		
Money Market Funds (MMFs)	(7.0)	(1.7)	(8.7)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.39% (5.42% 24/25)	N/A
<b>Total investments</b>	<b>(16.0)</b>	<b>(1.7)</b>	<b>(17.7)</b>	<b>4.33%</b> <b>(5.17% 24/25)</b>	

- 4.3. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.4. The Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled fund investments are maintained to diversify risk into different asset classes and mitigate the inflationary impact of holding cash balances.
- 4.5. Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025 where it remained until year end. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.70% and 4.45% and money market rates between 3.67% and 4.57%.
- 4.6. The combination of risk and return metrics are shown in the extracts from the Arlingclose quarterly investment benchmarking in the table below.

**Table 7: Investment Benchmarking – Treasury investments managed in-house**

Comparator	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
MCC 31 Mar 2025	A+	4.50	75%	3	4.18
MCC 31 Mar 2026	A+	4.51	78%	20	4.33

Similar LAs	AA-	4.38	40%	105	4.12
All LAs	A+	4.60	64%	10	4.18

- 4.7. **Externally Managed Pooled Funds:** £4m of the Authority's investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.
- 4.8. These funds provide important diversification for the Authority and have generated a £222k (5.39%) income return, together with a £209k (5.08%) unrealised capital gain during the year.
- 4.9. Accumulated unrealised capital losses over the lifetime of the investment stand at £178k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.
- 4.10. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down over months, quarters and even years, but with the confidence that over the longer term total returns will exceed cash interest rates.
- 4.11. **Statutory override:** The statutory override on accounting for gains and losses in pooled investment funds has been extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override does not apply to any new investments taken out on or after 1st April 2024. The Authority maintains a treasury management risk reserve which currently holds £590,000 to mitigate the impact of such risks materialising.
- 4.12. **Minimum Revenue Provision (MRP):** Legislation has been passed giving the Authority the option, but not the obligation, to reduce the MRP charge for the forthcoming financial year 2026/27. Nil MRP, or MRP lower than what would be considered the normal minimum charge, is allowable for this year only. Any MRP not made in 2026/27 must be made over a maximum of 10 future years. In view of the overall balanced budget set for 2026/27, alongside the implication of higher MRP costs in subsequent years the Authority has decided not to use this provision.
- 4.13. **Market update:**
- 4.14. During the 2025/26 financial year, financial markets were characterised by generally positive risk asset performance for much of the period, but with significant volatility, particularly at the beginning and end of the year. The period was effectively bookended by market disruption associated with US trade and foreign policy, initially following the announcement of US 'Liberation Day' tariffs in April 2025 and then, towards the year end, by the escalation of the US and Israel conflict with Iran in March 2026. Between these two episodes, market sentiment improved as inflation generally eased and expectations for further interest rate cuts increased, supporting both bond and equity markets
- 4.15. For much of the year, the backdrop for government bonds became more constructive than had been the case in recent years. In the UK in particular, falling inflation and growing expectations of further Bank of England rate cuts supported sentiment, although yields remained volatile as investors also had to contend with fiscal concerns and an uncertain economic outlook. As a

result, income returns remained attractive, while capital values were more variable. By the final quarter, however, the rise in oil and other commodity prices caused by the conflict with Iran raised concerns that inflation could move higher again and that further monetary easing could be delayed or even reversed, leading to renewed pressure on bond markets.

- 4.16. Equity markets also recovered well from the tariff-related weakness seen early in the financial year, supported by improving sentiment around inflation and interest rates, resilient corporate earnings and continued enthusiasm for artificial intelligence-related investment. AI remained a dominant theme in global equity markets throughout the year, although there was also concern that valuations in parts of the market had become too stretched and that an AI-driven bubble could unwind. Despite these concerns, equity markets generally made gains through much of the period before the deterioration in sentiment at the year-end as geopolitical risks intensified. For strategic pooled investments, this meant capital values were supported for much of the year, while income distributions continued to provide an important component of total return.
- 4.17. UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period.

## 5. Environmental, Social and Governance

- 5.1. During the first half of the year, the Council reviewed its investment portfolio against three voluntary ESG charters. During the year, the Net Zero Asset Managers (NZAM) initiative has suspended its activities and revised its commitment statement, removing binding requirements and reducing transparency for investors. In response the Council decided to no longer use NZAM as a formal criterion when assessing potential investments, while continuing to monitor future developments. The charters are shown in the table below:

**Table 8: ESG Charter Signatories**

	UN Principles for Responsible Investment	UK Stewardship Code 2020	Net-Zero Asset Managers Initiative (No longer applicable)**
Aberdeen Asset Liquidity	✓	✓	(NLA)
Aegon	✓	✓	(NLA)
CCLA Investment Management	✓	✓	(NLA)
Federated (Prime Rate) Liquidity Fund	✓	✓	(NLA)
HSBC Global Asset Management	✓	✓	(NLA)
LEGAL AND GENERAL MMF	✓	✓	(NLA)
Ninety-One	✓	✓	(NLA)
STATE STREET	✓	✓	(NLA)
Morgan Stanley	✓	✓	(NLA)
Goldman Sachs	✓	✓	(NLA)

5.2. At 31<sup>st</sup> March 2026, the Authority's ESG-specific Money Market Fund returned 3.68% compared to an average rate of 3.77% for all Money Market Funds.

## 6. Non-Treasury Investments

- 6.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return.
- 6.2. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).
- 6.3. Investment Guidance issued by MHCLG and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 6.4. The Authority held a net book value of £28.19m of such non-financial asset investments at the 31<sup>st</sup> March 2025 (£31.1m as at 31<sup>st</sup> March 2024) made up of:

	(Surplus) / deficit 2025/26  £000's	Carrying Value 31 Mar 2026  £000's	Return 2025/26  %	Return 2024/25  %
Oak Grove Solar Farm	(474)	5,785	8.47	5.25
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<b>Total</b>	<b>(454)</b>	<b>28,185</b>	<b>1.61</b>	<b>1.06</b>

- 6.5. These investments continue to represent an important income diversification for the Council and contribute towards the overall funding of services.
- 6.6. A more detailed report on the performance of these investments is periodically reported to the Performance & Overview Scrutiny Committee.
- 6.7. The Authority also holds a portfolio of legacy non-financial asset investments that have been held for over a decade and are retained for income generation, capital gain, or to support wider economic development or broader policy objectives. These include agricultural, retail and industrial assets where the return on investment is a secondary consideration.

## 7. Treasury performance

- 7.1. The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 9 below.

**Table 9: Budget performance**

	31 Mar 2026 £000's	Budget £000's	Over / (under) Budget £000's
<b>Interest Payable</b>			
PWLB	5,576	4,931	644
Market loans	0	0	0
Short term loans	1,847	2,538	(690)
Other Activities (Internal Arrangements)	161	155	6
<b>Total Interest payable on borrowing</b>	<b>7,584</b>	<b>7,624</b>	<b>(40)</b>
<b>Interest Receivable</b>			
Invested cash short term	(1,059)	(788)	(271)
Pooled Funds	(194)	Included above	(194)
Finance lease income	(50)	Included above	(50)
<b>Total income from Investments</b>	<b>(1,303)</b>	<b>(788)</b>	<b>(515)</b>
<b>Total</b>	<b>6,281</b>	<b>6,836</b>	<b>(555)</b>

## 8. Compliance with treasury limits and indicators

- 8.1. The Section 151 officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.
- 8.2. **Liability Benchmark:** This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

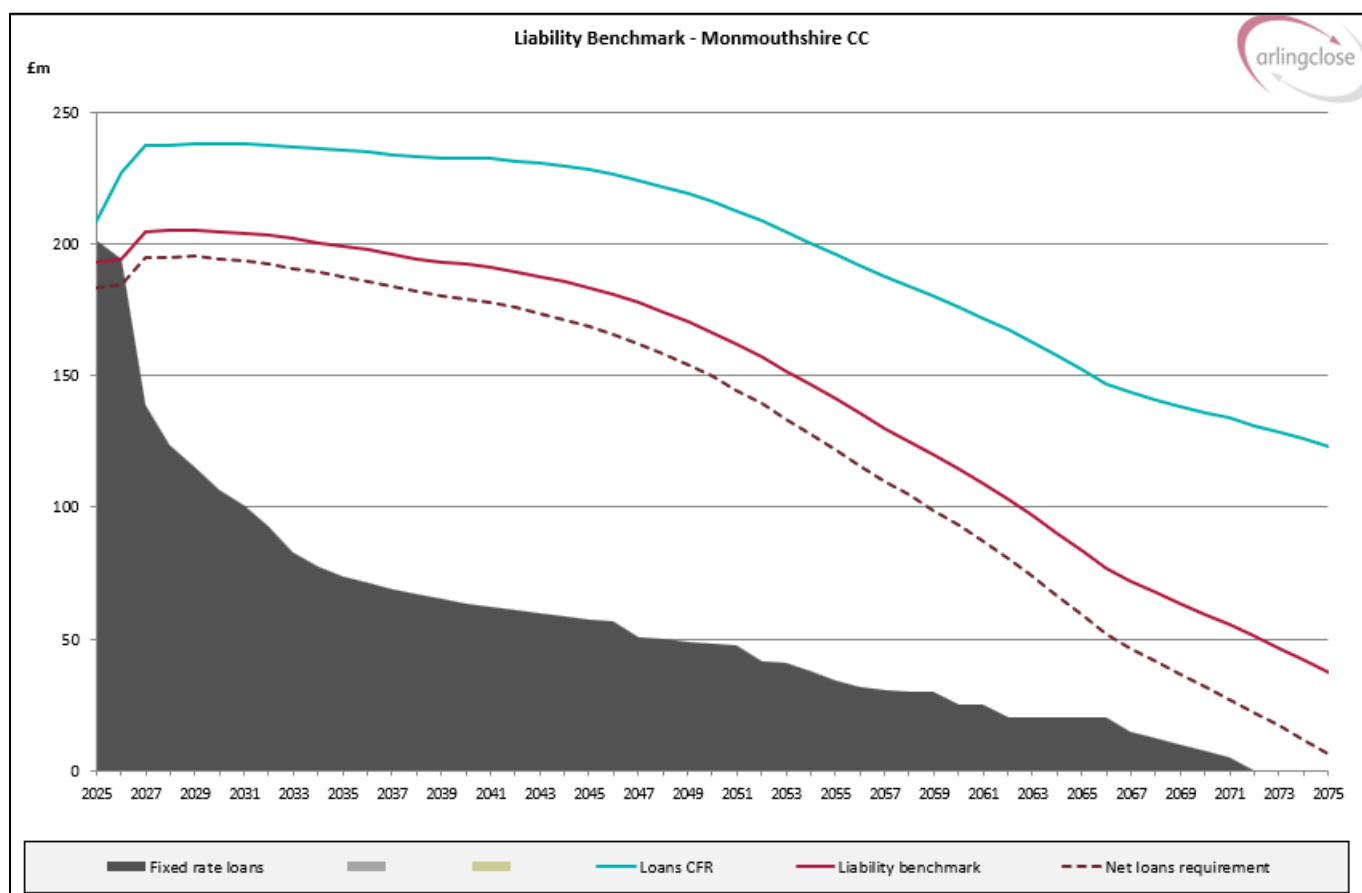
**Table 10: Liability Benchmark**

	31 Mar 2025 Actual	31 Mar 2026 Actual	31 Mar 2027 Forecast	31 Mar 2028 Forecast	31 Mar 2029 Forecast
Loans CFR	207.7	226.8	237.1	237.5	237.7

Less: Balance sheet resources	(5.4)	(39.2)	(42.5)	(42.5)	(42.5)
<b>Net loans requirement</b>	202.3	187.6	194.6	195.0	195.2
Plus: Liquidity allowance	0.0	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>202.3</b>	<b>197.6</b>	<b>204.6</b>	<b>205.0</b>	<b>205.2</b>
<b>Current loan profile</b>	<b>(202.3)</b>	<b>(197.6)</b>	<b>(127.5)</b>	<b>(119.8)</b>	<b>(112.1)</b>
<b>Borrowing requirement</b>	<b>0.0</b>	<b>(0.0)</b>	<b>77.1</b>	<b>85.2</b>	<b>93.1</b>

8.3. This indicates that, if capital plans remain accurate, the Council will have a borrowing requirement over the medium term of £93.1m. This projection forms the basis for future borrowing strategy and will be a consideration should any value loan opportunities present themselves in the market.

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



8.5. The gap between the dotted red line and the grey shaded area of the chart represents the forecast difference between the estimated borrowing requirement and the Council's current loans profile. If capital expenditure plans remain accurate, the gap represents a borrowing requirement which will need to be met by new and replacement loans over time.

8.6. **Borrowing limits:** Compliance with the [authorised limit](#) and [operational boundary](#) for external debt is demonstrated in the table below.

**Table 11: Borrowing Limits**

	2025/26 Maximum during the year £m	31 Mar 2026 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied? Yes/No
Borrowing	211.6	197.6	248.2	263.6	Yes
PFI, Finance Leases & Other LT liabs	1.96	1.76	17.8	18.8	Yes
<b>Total debt</b>	<b>213.56</b>	<b>199.36</b>	<b>266.0</b>	<b>282.4</b>	<b>Yes</b>

8.7. **Note:** Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

8.8. **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

**Table 12: Maturity Structure of borrowing**

Maturity	31 Mar 2026 Actual	Lower Limit	Upper Limit	Complied?	31 Mar 2025 Actual (For comparison)
Under 12 months	30%	0%	50%	Yes	31%
12 months and within 24 months	8%	0%	30%	Yes	10%
24 months and within 5 years	12%	0%	30%	Yes	10%
5 years and within 10 years	15%	0%	30%	Yes	12%
10 years and within 20 years	7%	0%	30%	Yes	9%
20 years and within 30 years	12%	0%	30%	Yes	11%

30 years and within 40 years	6%	0%	30%	Yes	7%
40 years and within 50 years	10%	0%	30%	Yes	10%
50 years and above	0%	0%	30%	Yes	0%

**Table 13: Investment Limits**

	Maximum in year	2025/26 Limit	Complied? Yes/No
The UK Government	£23.5m	Unlimited	Yes
Local Authorities per counterparty	£0m	£4m	Yes
Secured Investments	£0m	£4m	Yes
Banks per counterparty, rating A- or above	£2m (£3m total for the Councils operational bank)	£2m (£3m total for the Councils operational bank)	Yes
Building societies (unsecured)	£0m	£2m	Yes
Registered providers (e.g. Housing Associations (unsecured)	£0m	£2m	Yes
Money Market Funds	£4m	£4m	Yes
Any group of pooled funds under the same management	£2m	£5m	Yes
Real estate investment trusts	£0m	£5m	Yes
Other Investments	£0m	£2m	Yes

8.9. **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

**Table 14: Credit Risk**

	31 Mar 2026 Actual	2025/26 Target	Complied?

Portfolio average credit	A+/4.51	A-/5.0	Yes
--------------------------	---------	--------	-----

8.10. **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

**Table 15: Principal invested for period longer than a year**

	During 2025/26
Actual principal invested for 365 days & beyond year end	£0m
Limit	£5m
Complied?	Yes

8.11. For context, the changes in interest rates during the year were:

	31 Mar 2025	31 Mar 2026
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	5.04%
5-year PWLB certainty rate, maturity loans	4.94%	5.28%
10-year PWLB certainty rate, maturity loans	5.38%	5.72%
20-year PWLB certainty rate, maturity loans	5.88%	6.23%
50-year PWLB certainty rate, maturity loans	5.63%	6.08%

## Background paper: Glossary of Treasury Terms

<b>Authorised Limit</b>	<p>The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.</p> <p>(see also <i>Operational Boundary</i>, below)</p>
<b>Balances and Reserves</b>	<p>Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.</p>
<b>Bail-in</b>	<p>Refers to the process which the banking regulatory authorities will use to restructure a financial institution which is failing or likely to fail. Unsecured creditors of and investors in that financial institution will participate in its restructure who will, as a consequence, incur a non-recoverable loss (commonly referred to as a 'haircut') on their obligation/investment. Local authority investments with banks and building societies such as term deposits, certificates of deposit, call accounts and non-collateralised bonds are unsecured investments and are therefore vulnerable to bail-in.</p>
<b>Bank Rate</b>	<p>The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.</p>
<b>Bond</b>	<p>A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p>
<b>Capital Expenditure</b>	<p>Expenditure on the acquisition, creation or enhancement of capital assets</p>
<b>Capital Financing Requirement (CFR)</b>	<p>The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p>
<b>Capital growth</b>	<p>Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)</p>
<b>Capital receipts</b>	<p>Money obtained on the sale of a capital asset.</p>
<b>CIPFA</b>	<p>Chartered Institute of Public Finance and Accountancy</p>

<b>Constant Net Asset Value (CNAV)</b>	Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US\$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder.
<b>Collective Investment Schemes</b>	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
<b>Corporate Bonds</b>	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
<b>Corporate Bond Funds</b>	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
<b>CPI</b> <i>Also see RPI</i>	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
<b>Credit Default Swap (CDS)</b>	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
<b>Credit Rating</b>	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
<b>Cost of carry</b>	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
<b>Credit default swaps</b>	Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default.
<b>Diversification / diversified exposure</b>	The spreading of investments among different types of assets or between markets in order to reduce risk.
<b>Derivatives</b>	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
<b>ECB</b>	European Central Bank
<b>Federal Reserve</b>	The US central bank. (Often referred to as "the Fed")
<b>Floating Rate Notes</b>	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting

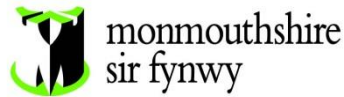
<b>GDP</b>	Gross domestic product – also termed as “growth” in the economy. The value of the national aggregate production of goods and services in the economy.
<b>General Fund</b>	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the HRA).
<b>Gilts (UK Govt)</b>	Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’: being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
<b>Housing Revenue Account (HRA)</b>	A ring-fenced account of all housing income and expenditure, required by statute
<b>IFRS</b>	International Financial Reporting Standards
<b>Income Distribution</b>	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a ‘dividend’
<b>Investments</b> - Secured - unsecured	Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default  Unsecured investments do not have underlying collateral. Such investments made by local authorities with banks and building societies are at risk of bail-in should the regulator determine that the bank is failing or likely to fail.
<b>Liability Benchmark</b>	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
<b>LOBOs</b>	LOBO stands for ‘Lender’s Option Borrower’s Option’. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at predetermined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the ‘option’ to either accept the new imposed fixed rate or repay the loan facility.
<b>LVNAV (Low Volatility Net Asset Value)</b>	From 2019 Money Market Funds will have to operate under a variable Net Value Structure with minimal volatility (fluctuations around £1 limited to between 99.8p to 100.2p)
<b>Maturity</b>	The date when an investment or borrowing is repaid.
<b>Maturity profile</b>	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.
<b>MiFID II</b>	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
<b>Money Market Funds (MMF)</b>	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

<b>Minimum Revenue Provision</b>	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
<b>Non-Specified Investments</b>	Term used in the Communities and Local Government Guidance and Welsh Assembly Guidance for Local Authority Investments. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
<b>Net Asset Value (NAV)</b>	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
<b>Operational Boundary</b>	This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
<b>Permitted Investments</b>	Term used by Scottish Authorities as those the Authority has formally approved for use.
<b>Pooled funds</b>	See Collective Investment Schemes (above)
<b>Premiums and Discounts</b>	<p>In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest.</p> <p>PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.</p> <p>*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.</p>
<b>Private Finance Initiative (PFI)</b>	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
<b>Prudential Code</b>	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
<b>Prudential Indicators</b>	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities.

<b>PWLB</b>	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
<b>Quantitative Easing</b>	In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It “does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller’s bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy”. Source: Bank of England
<b>Registered Provider of Social Housing</b>	Formerly known as Housing Association
<b>Revenue Expenditure</b>	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges
<b>RPI</b>	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are updated using the CPI index.
<b>SORP</b>	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
<b>Specified Investments</b>	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
<b>Supported Borrowing</b>	Borrowing for which the costs are supported by the government or third party.
<b>Supranational Bonds</b>	Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are those issued by the European Investment Bank, the International Bank for Reconstruction and Development.
<b>Treasury Management Code</b>	CIPFA’s Code of Practice for Treasury Management in the Public Services.
<b>Temporary Borrowing</b>	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
<b>Term Deposits</b>	Deposits of cash with terms attached relating to maturity and rate of return (interest)
<b>Unsupported Borrowing</b>	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
<b>Usable Reserves</b>	Resources available to finance future revenue and capital expenditure
<b>Variable Net Asset Value (VNAV)</b>	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.

<b>Working Capital</b>	Timing differences between income/expenditure and receipts/payments
<b>Yield</b>	The measure of the return on an investment instrument

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<b>SUBJECT:</b>	<b>WHISTLEBLOWING ANNUAL REPORT</b>
<b>MEETING:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DATE:</b>	<b>JUNE 2026</b>

## 1. PURPOSE:

The purpose of this report is to provide the Governance and Audit Committee with information in relation to whistleblowing practices and the number of whistleblowing cases in Monmouthshire County Council from 1<sup>st</sup> April 2025 to 31<sup>st</sup> March 2026. This report is provided on an annual basis.

## 2. RECOMMENDATION:

That the Committee notes the information, takes consequent assurance of the effectiveness of Monmouthshire County Council's whistleblowing practices, and supports the review of the current Whistleblowing Policy and Employee Code of Conduct.

## 3. KEY ISSUES:

All HR policy and guidance documents have been reviewed and transferred to a revised format and structure, in the past 18 months, or are due to be reviewed and transferred by the end of October 2026. The purpose of this is to ensure that the information available in Monmouthshire County Council's HR policies is more concise, accessible and focussed, and by expanding the content in Monmouthshire County Council HR guidance documents, this is then more relevant and supportive of colleagues and people leaders, at varying stages of employment related processes. It is hoped that this revised approach will enable colleagues and people leaders to find employment related processes easier to navigate and subsequently apply to circumstances they are experiencing.

Monmouthshire County Council's Whistleblowing Policy was last reviewed and updated in 2024. The next review has commenced, and it is intended that this will be completed by July 2026. Monmouthshire County Council's Employee Code of Conduct was last reviewed and updated in 2024. It is intended that the next review will be completed by September 2026, to include specific reference to the Corporate Code of Governance, as part of Monmouthshire County Council's approach to meeting Principle 1 of this Code: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and Respecting the Rule of Law. Policy and Guidance reviews

are supported with appropriate communication to colleagues and an associated training provision.

Whistleblowing is defined as:

‘The action someone takes to report wrongdoing at work that affects others’ ([The law - Whistleblowing at work - Acas 2026](#)).

A record of all whistleblowing cases is held centrally, in a secure location.

Over the period 1st April 2025 to 31st March 2026, the information in relation to the number of whistleblowing cases in Monmouthshire County Council is as follows:

NUMBER OF CASES	SUBJECT MATTER (CONFIDENTIAL)	ACTION TAKEN
2	Employee Conduct	Investigations concluded and consequent recommendations implemented (including following formal HR policies)

The data for 1st April 2025 to 31st March 2026 can be compared to the number of whistleblowing cases over the previous 4 years, reported on a financial year basis:

YEAR	NUMBER OF CASES	SUBJECT MATTER (CONFIDENTIAL)	ACTION TAKEN
2024-2025	1	Employee Conduct	Investigation concluded and consequent recommendations implemented
2023-2024	0	N/A	N/A
2022-2023	1	Safeguarding	Investigation concluded and consequent recommendations implemented
2021-2022	1	Employee Conduct	Investigation concluded and formal HR policies followed consequently

The above tables show that in the last 5 years, Monmouthshire County Council has dealt with 5 cases of whistleblowing.

The existence of whistleblowing cases, and the evidence that they are reported, investigated and concluded, provides assurance that current arrangements are understood and are operating in practice. It also demonstrates that there are accessible routes for colleagues to raise concerns and that the Council’s processes can identify issues and deliver appropriate outcomes where required.

#### 4. REASONS:

Monmouthshire County Council and school governing bodies expect the highest standards of conduct from all employees and therefore encourage employees and others with serious

concerns about any aspect of the Council/school's work to come forward and voice those concerns in a safe environment.

In line with the Council's commitment to openness and accountability, employees are encouraged to raise concerns. Such concerns will be taken seriously, investigated and appropriate action taken in response. The Whistleblowing Policy is designed to ensure that concerns about wrongdoing or malpractice can be raised without fear of victimisation, subsequent discrimination, disadvantage or dismissal.

The policy aims to:

- Encourage an individual to feel confident to raise a serious concern at the earliest opportunity
- Provide a route for an individual to raise concerns and to receive feedback on any action taken
- Provide reassurance that an individual will be protected from reprisals or victimisation, if they have made a disclosure in good faith.

#### **5. BACKGROUND PAPERS:**

None

#### **6. AUTHOR:**

Philippa Green

Head of HR

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<b>SUBJECT:</b>	<b>Effectiveness of Strategic Risk Management Framework</b>
<b>MEETING:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>4<sup>th</sup> June 2026</b>
<b>DIVISIONS/WARDS AFFECTED:</b>	<b>All</b>

## 1. PURPOSE:

- 1.1 To provide the committee with an assessment of the implementation of the council's strategic risk management framework which is an integral part of the authority's corporate governance arrangements.
- 1.2 To provide members with an overview of the current strategic risks facing the authority.

## 2. RECOMMENDATIONS:

- 2.1 That members use the assessment to seek assurance about the effectiveness of the authority's risk management arrangements.

## 3. KEY ISSUES:

- 3.1 Governance and Audit Committee has a specific role in providing independent assurance of the adequacy of the council's risk management framework. The committee also has a role in assessing the authority's corporate governance arrangements, of which risk management is an important part.
- 3.2 The council's strategic risk management policy and guidance helps ensure strategic risks are identified and assessed robustly, risk controls are put in place that are appropriate and proportionate, and risks are supported by effective mitigations to ensure, as far as possible, risk reduction/risk management. To support the committee to fulfil its role in risk management, the report is made up of two parts:
  - Part 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements in line with the strategic risk management policy.
  - Part 2 provides an overview of the strategic risk register and key amendments, including the strategic risks, the risk levels pre and post mitigation, the risk owner who has agreed the update, and any key changes, such as adjustments to risk levels or mitigating action updates.

### **Part 1 - Effectiveness of strategic risk management arrangements**

- 3.3 The updated strategic risk management policy was agreed by Cabinet in June 2024 following consideration and feedback by Governance and Audit Committee. The policy aims to strengthen strategic risk management arrangements. A period of transition in implementing the policy was agreed to allow the council time to strengthen arrangements in line with the revised policy.
- 3.4 Arrangements have now been developed to implement the requirements of the policy. These are:
  - Integrating related corporate risk management arrangements that the council has in place through which risks are identified and managed.
  - The requirement and responsibilities to consistently produce directorate risk registers.
  - The definition of the Council's risk appetite, using a 'risk appetite range' for various categories of risk that are based on organisational activity.

- Updates to the strategic risk register, including the addition of risk categories, appetite levels, treat/tolerate categories and target risk scores
  - A developed risk radar, appendix 4, outlining some of the potential risks that Monmouthshire may face over coming years
- 3.5 Appendix 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements. This incorporates an assessment of the progress made in implementing the new or amended arrangements if the policy. The assessment identifies actions that are yet to be completed that remain a focus to strengthen arrangement:
- The further development of directorate risk registers, to ensure they are robustly used in the risk management process.
  - Strengthening risk management training and awareness for all officers.
- 3.6 In September 2024 the committee received a report providing an overview of the effectiveness of corporate risk control policies aligned with the council’s revised strategic risk management policy. It was agreed that the committee subsequently receives further updates on the arrangements as an additional part of the regular reporting to the committee on the effectiveness of the Council’s strategic risk management arrangements. A subsequent update was provided to the committee in June 2025. Appendix 2 provides a further update to the committee on the progress with the ‘actions planned’ for each of the arrangements identified that were not yet completed or still being implemented at the last update.

## **Part 2 – Overview of Updates to the Risk Register**

- 3.7 The council continues to operate in a dynamic environment and has controls in place to assess, manage and mitigate, as far as possible, a variety of risks. The strategic risk register regularly evolves and adapts in line with this. This will include adjusting the focus, detail and risk levels of risks where necessary. An overview of the changes to the risks and progress with mitigating actions is provided in Appendix 3. Some of the more significant changes since the last report to the committee in November 2025 include:
- The addition of a new risk, Risk 6, related to the possible risk of disruption to the global supply chain, including the supply of fuel, impacting the council’s ability to deliver key services and projects.
  - A re-escalation of Risk 14, related to the possible risk of the rising cost of living tipping more families into crisis requiring public service interventions.
- 3.8 This report does not include the full risk register or a full update of progress against mitigating actions. Scrutiny of that aspect of the work rests with Performance and Overview Scrutiny Committee who will review the full strategic risk register in June 2026. The full strategic risk register will also be presented to Cabinet for consideration at their 10<sup>th</sup> June meeting. Members of Governance and Audit Committee have access to the papers of other committees should they wish to familiarise themselves with the wider work. All councillors can also access a live version of the risk register on the authority’s intranet site.

## **Chief Officer Commentary**

- 3.9 It has been agreed that a commentary from the responsible Chief Officer be added to this report. The responsibility sits with the Chief Officer for People, Performance and Partnerships:
- 3.10 “Having overseen the process of updating the risk assessment I’m satisfied that it presents an accurate assessment of the strategic risks facing the authority over the next three years based on knowledge available to responsible officers at the present time. The risk register continues to be reviewed based on the latest available evidence. The assessment of the risk management

arrangements that we have in place is fair, identifying both strengths and areas needing improvement. We have implemented the requirements of the revised risk management policy, there are further requirements we still need to embed in the council to make our arrangements more robust and strengthen their application.”

**4. REASONS:**

- 4.1 To provide timely, relevant information on strategic risks as part of the performance management framework for ensuring the authority is well run and able to contribute to achieving the Council's purpose.

**5. AUTHORS:**

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**Appendix 1- Self-assessment of the effectiveness of the strategic risk management framework**

<b>Strategic Risk Management</b>			
<p>The strategic risk register captures the high and medium level strategic risks that face the council in line with the council’s risk management policy. This ensures that:</p> <ul style="list-style-type: none"> <li>• Strategic risks are identified and monitored by the authority</li> <li>• Risk controls are appropriate and proportionate</li> <li>• Senior managers and elected members systematically review the strategic risks facing the authority</li> </ul>			
	<b>How well are we doing?</b>	<b>How do we know?</b>	<b>Action &amp; timescale</b>
<p>Is there a collective view of the council’s strategic risk management arrangements and risk appetite that is communicated and understood?</p>	<p>The council’s strategic risk management policy and guidance has been updated and agreed. The council has also defined its risk appetite and agreed a risk appetite statement. These documents are available on the council’s intranet. The policy is being embedded in the council, the requirements have been integrated as part of the council’s performance management framework, including in the service business planning process.</p> <p>The awareness of the policy, and the importance of adhering to it, continues to be further embed through the organisation. A wider performance management suite of learning is currently being developed. This will include further training and guidance on risk management, including identifying risks, risk levels, and completing risk registers.</p>	<p>Strategic risk management policy and guidance</p> <p>Risk appetite statement</p>	<p>Develop a performance management training suite – June 2026</p>
<p>Is strategic risk management embedded in the council?</p>	<p>The strategic risk register is updated regularly and available to all members and officers to view at any time. There are arrangements to formally review and report the whole strategic risk register six monthly.</p> <p>Directorate risk registers have been developed to strengthen the management of risks at a directorate level and facilitate risk identification and mitigation between a service (service business plan) and strategic (risk register) level. However, completeness and frequency of review is varied between directorates. Further development of directorate risk registers is needed to ensure these are robust. Support will be provided to directorates to improve completeness and ensure regular use.</p> <p>The starting point for identifying risks are often service business plans, where heads of service and service managers identify risk to their service. Quality assurance of these plans has continued to show service-based risk registers are sometimes not robust enough or fully completed. This shows strategic risk management remains</p>	<p>Strategic risk management policy and guidance</p> <p>Strategic risk register</p> <p>Directorate risk registers</p> <p>Service business plans risk registers</p>	<p>Work with directorates to further develop directorate risk registers and ensure they are actively used – September 2026</p> <p>Develop a performance management training suite – June 2026</p>

	not consistently embedded at a service level. Further strategic risk management training is being developed as part of a suite of wider performance management training. This will be available to all officers.		
Is there a shared understanding of the most significant corporate risks?	<p>The strategic risk register identifies high and medium level strategic risks and ensures risk levels are assessed, and mitigating actions are identified. The register is updated regularly, which ensures it remains focussed on the most significant strategic risks facing the council. It is available to all members and officers to view at any time and has regular reporting arrangements in place. This ensures there is a shared understanding of strategic risks facing the council.</p> <p>All elements of the updated strategic risk management policy have now been embedded in the strategic risk register. This includes identifying risk categories, appetite levels, treat/tolerate categories and target risk scores. This has resulted in a clearer indication of the direction of travel of risks and the council's intended outcomes.</p> <p>Service business plans not being robust enough or fully complete impacts on the effectiveness of service risk identification and management. This may subsequently be having an impact on the effective identification and management of strategic risks, although other arrangements in place, including the development of directorate risk registers, will limit this, strengthening service risk registers remains important.</p> <p>A Risk Radar has been developed to identify any emerging risks and opportunities that are relevant to the council. This is used to inform risk identification at all levels and is regularly presented to the Strategic Leadership Team alongside reviews and updates to the Strategic Risk Register to ensure awareness of possible emerging risks. This report will also identify emerging opportunities for the council.</p>	<p>Strategic risk register</p> <p>Service business plans risk register</p> <p>Risk radar</p>	<p>Develop a performance management training suite – June 2026</p>
Is there integration with other risk control arrangements that facilitate the management of risk?	<p>Strategic risk management is an integral part of the council's activities to support decision-making in achieving its objectives. The updated strategic risk management policy identifies other corporate risk control arrangements that the council has in place through which risks are identified and managed and need to integrate with strategic risk management policy. These are Health and Safety, Emergency Planning, Insurance, Finance, Internal Audit, Information Governance &amp; Cyber Security.</p>	<p>Strategic risk management policy</p> <p>Overview of the effectiveness of risk control policies</p>	<p>Assess progress in implementing the actions to develop or strengthen risk control arrangements – June 2026</p>

	<p>An assessment of the effectiveness of each of these risk control arrangements, following the same process that is used to evaluate the strategic risk management arrangements was reported to the committee in June 2025. The assessment demonstrates the arrangements in place to identify, respond, monitor and report risk, and included an update on implementation of agreed actions. Further updates on progress with these actions is provided in this report.</p>		
<p>Is there a robust risk management assurance framework in place?</p>	<p>There are arrangements to formally review the whole strategic risk register six monthly. These are facilitated by the performance and data insight team in liaison with risk owners and include review reports to Strategic Leadership Team and cabinet. The strategic risk register is formally reported to Governance &amp; Audit Committee, Performance &amp; Overview scrutiny committee and Cabinet. This provides assurance on the robustness of risk management framework in place.</p> <p>Directorate risk registers have been developed to strengthen the management of risks at a directorate level. These are being facilitated by the performance and data insight team in coordination with Directorate Management Teams.</p> <p>An internal audit review of risk management was completed and was given a reasonable assurance rating. This identified strengths and some weaknesses. Actions to respond to the recommendations were agreed and implemented. The findings from the review informed the development of the updated strategic risk management policy.</p> <p>A review of strategic risk management arrangements is reported to Governance and Audit Committee six monthly. Risk management arrangements also form part of the Council's annual self-assessment report. These arrangements are providing assurance of the framework in place and inform the identification of areas for development.</p>	<p>Strategic risk register</p> <p>Strategic risk management reports</p> <p>Internal Audit review of risk management (March 2024)</p>	<p>Work with directorates to further develop directorate risk registers and ensure they are used – September 2026</p>

**Appendix 2 - Update on actions planned for corporate risk control policies aligned with the Monmouthshire County Council strategic risk management policy**

<b>Risk process: Internal Audit</b>	<b>Responsibility:</b> Chief Internal Auditor
<p><b>Purpose of the arrangement</b>                  Internal audit have a responsibility to oversee the risk management process, and may conduct an audit into the effectiveness of the process to ensure the arrangements in place are robust. There is an internal audit plan in place which is driven by risk identification, and by nature, is a risk based approach, identifying possible weaknesses, or risks, within the organisation and reviewing these. These risks, along with possible ways of managing them, would be made aware to the relevant chief officer. Internal audit are also responsible for the anti fraud, corruption and bribery policy.</p>	
<b>Actions Planned</b>	<b>Progress made</b>
Increased Anti-Fraud, Corruption and Bribery training across the organisation covering all employees and members – By March 2025	A training module has been developed and launched to all employees and members via Thingi in January 2025. Staff completion rates are being monitored by the Chief Internal Auditor and reported through SLT on a regular basis.  An update on the current completion rate by directorate is included within the 2025/26 Internal Audit Annual Report. Overall rate is 88% as of 30th April 2026.
Continue to refine audit planning processes and review of the ‘Audit Universe’ to ensure that all areas of the Council are covered as part of the strategic plan - as part of 2025/26 Internal Audit Planning	The ‘Audit Universe’ was reviewed and updated as part of 2025/26 audit planning to ensure that all areas of the Council and high risks were included within the scope of internal audit.  A revised Internal Audit Strategy was approved by the Governance & Audit Committee in February 2026 which moved the Internal Audit Team from a fixed annual plan to a quarterly ‘rolling’ plan. The first version of this plan (Q1 2026/27) was subsequently approved in February 2026 with Quarter 2 due to be approved in the June 2026 meeting.  The Rolling Plan is discussed quarterly with the Strategic Leadership Team prior to Governance & Audit Committee approval. The Chief Internal Auditor periodically attends Directorate Management Team meetings to discuss planning, identify emerging risks and the overall ‘Audit Universe’.

<b>Risk process: Emergency Planning</b>	<b>Responsibility:</b> Emergency Planning Manager
<p><b>Purpose of the arrangement</b>                  The Council’s aim and intention is to anticipate and manage risks proactively rather than deal with the consequences of actual occurrences. Some risks involving key services are best managed through the Monmouthshire County Council Emergency Management Plan; there is a live risk register that is reviewed regularly that captures risks that may require an urgent response. The emergency planning manager is also responsible for ensuring services have Business Continuity Plans or</p>	

procedures in place outlining arrangements to mitigate the impact and consequences of any risks likely to have a serious or major impact on service delivery or on communities in general.	
<b>Actions Planned</b>	<b>Progress made</b>
To identify and train further tactical responses officers in the Council - TCG Awareness training scheduled for delivery in October 2024 - complete	There are currently 17 MCC Tactical Coordinating Group (TCG) representatives, all of whom have had had training. 12 of these officers attending the awareness training delivered in October 2024. This has strengthened resilience – but on-going support and training will always be a necessity. While there will always be an on-going requirement for TCG reps, current levels are sufficient and this action will be captured as complete.
To ensure services business continuity plans are up to date, particularly service areas assessed as more critical for business continuity, together with the council’s Emergency Management Plan and related specific response plans - Next formal scheduled update August 2025 – complete, next update August 2027.	Business Continuity Planning is and will continue to be on-going across the organisation but picked up via 3-year rolling work programme. The MCC Register of Priority Services was updated in 2025. Not all services provided an updated Business Impact Assessment, for those services, the previous assessment was accepted as the current position, acknowledging the status many services retain.  The register will continue to be reviewed via the Emergency Planning Work Programme and continues to be a significant tool to assist in prioritising support to any services facing disruption regardless of the cause. The next full update will be completed in August 2027. In addition, and to support wider Business Continuity Management (BCM) a whole authority BCM plan and awareness event will be delivered by December 2026.
There is continued ongoing assessments of risk through these arrangements, locally this is led via the Gwent Local Resilience Forum Risk Group, which the council is a partner in.	This Council continues to be a partner in the Gwent Local Resilience Forum who continue to assess risks based on a UK / Pan Wales and local risk assessments. Based on these risk assessments and consideration of current partnership capabilities a rolling programme of work continues to be implemented and reviewed to mitigate against these risks. This includes with more dynamic work required in response to emerging risks where identified.

<b>Risk process: Finance</b>	<b>Responsibility: Head of Finance</b>
<b>Purpose of the arrangement</b> The council has set its Financial Procedure Rules which must be adhered to within all council activities. Section 4 of the Financial Procedure Rules document outlines the responsibilities of the Head of Finance in relation to risk management. In relation to the strategic risks and whole authority risks listed in the Strategic Risk Register, the Head of Finance is responsible for ensuring that any financial implications are fed into the budget planning process.	
<b>Actions planned</b>	<b>Progress made</b>

<p>Assess any exposure to risk in delivering the Medium-Term Financial Strategy in line with the Council's risk appetite statement - Continues as part of budget setting process each financial year</p>	<p>The Medium Term Financial Strategy delivery plan requires a financial risk register to be maintained and updated. Financial risks are assessed at each update of the Medium Term Financial Plan, undertaken twice yearly, and in setting the budget and responding to the Medium-Term Strategy and corresponding budget principles.</p> <p>The Council has agreed its budget for 2026/27. The budget was developed guided by a set of principles. The final budget identified key risks remaining to be assessed and managed in 2026/27. Strengthened financial governance arrangements will continue to be in place to ensure arrangements are in place to deliver on service savings, and to respond to changing circumstances which may result in increased budget pressures and require additional mitigation or savings to be brought forward.</p>
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<p><b>Risk process: Insurance</b></p>	<p><b>Responsibility:</b> Section 151 Officer/Principal Insurances and Risk Management Officer</p>
<p><b>Purpose of the arrangement</b></p> <p>Insurance is a key aspect in risk management processes. Some risks are best managed through involving another party in bearing or sharing the risk, i.e. insurance. Ensuring an effective insurance function of risk management is a key priority and legal requirement for the authority. This involves analysing the types of insurance required to cover off the whole authority using in-house data to establish values of coverage required. This includes but is not limited to property, motor, cyber and liability. A programme of risk reviews at random property sites are also undertaken for insurance purposes.</p>	
<p><b>Actions planned</b></p>	<p><b>Progress made</b></p>
<p>Strengthen arrangements for gaining assurance that directorate action is being taken in response to insurance risk reported.</p>	<p>Risk reports and claims history is produced and reported. For example, quarterly reporting is provided to Transport and Highways and regular reporting for Corporate Health and Safety. The Principal Insurances and Risk Management Officer continues to work with service areas to support them to take action in response to insurance risk reported.</p>

<p><b>Risk process: Information Governance &amp; Cyber Security</b></p>	<p><b>Responsibility:</b> Head of Information Security &amp; Technology</p>
<p><b>Purpose of the arrangement</b></p> <p>The council is extremely aware of the importance of cyber security; we implement a number of measures to ensure the protection and safeguarding of our information, technology and systems.</p>	

Actions planned	Progress made
No further action identified.	Scrutiny of the SRS, Cyber security and information governance is reported through separately to the Governance and Audit Committee.

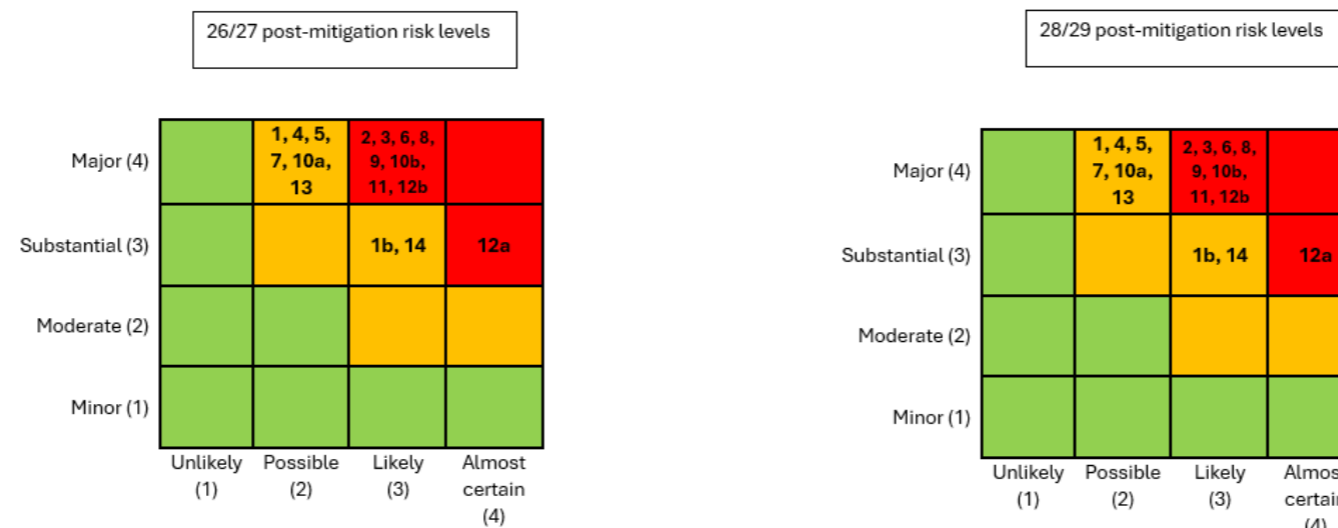
<b>Risk process: Health and Safety</b>	<b>Responsibility:</b> Corporate Health and Safety Manager
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**Purpose of the arrangement**  
Ensuring the health, safety and welfare of employees and others, such as contractors, visitors and members of the public who may be affected by the Council’s activities is a key priority for the organisation. The Chief Executive has ultimate responsibility for health and safety. The Deputy chief executive is the Strategic Leadership Team lead for health and safety and the council has a designated Corporate Health and Safety manager. The day to day management of health and safety is delegated to Strategic Directors, Headteachers and Senior Managers who are responsible for ensuring all activities within their Directorate/schools are conducted safely, in accordance with legislative requirements and the Council’s health and safety risk management policies.

The Council has a corporate health and safety working group with representation from all Directorates that meets quarterly. This group has an action plan and terms of reference. Each Directorate has a nominated health and safety lead responsible for coordinating health and safety activities, including establishing and coordinating a Directorate Health and Safety Working Group. They support managers by providing advice and guidance on health and safety matters or signposting them to more specialist advice as necessary.

Actions planned	Progress made
Complete risk-based schedule of review of the Council’s suite of subordinate health and safety policies and guidance – December 2026	Schedule for review of subordinate health and safety policies and guidance in place. Work to review subordinate health and safety policies is ongoing and is scheduled for completion December 2026.
Strengthen arrangements for completing health and safety risk assessments and implementing effective controls	Risk Assessment Policy approved by JAG in 2025. Programme of health and safety risk assessment training is being rolled out for managers and supervisors across the Council.
Strengthen arrangements for gaining assurance that health and safety risks are being identified, suitable controls are in place and are being effectively implemented – March 2025	Completed. Staff reconfiguration and some additional resource provided to Corporate Health & Safety has strengthened assurance arrangements.
Complete an annual Health & Safety Report	A second health and safety annual report has been produced and was considered by Individual Cabinet Member Decision. The annual report identifies the Council’s key Health & Safety Risks and how these are being responded to or mitigated. A Health & Safety service plan is being developed that will align to manage Key Health & Safety risks.

**Appendix 3 - Monmouthshire County Council Whole Authority Strategic Risk Assessment Overview – June 2026**



Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer/treat/tolerate/terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
Page 101	<i>Risk identified in the strategic risk register</i>	<i>Risk to delivery of Community and Corporate plan objective</i>	<i>Risk assessed by the level of likelihood of occurrence and impact/consequence prior to any mitigation</i>	<i>Risk assessed by the level of likelihood of occurrence and impact/consequence informed by the expected impact of mitigation</i>	<i>The optimal risk score the council has assessed it could achieve following successful mitigation, set in the context of available resource</i>	<i>The rationale for adjusting the risk level since the last risk update report in June 2025</i>	<i>Identifies the risk category and appetite level for each risk, aligned with the whole organisation risk appetite statement</i>	<i>Whether the risk is being transferred, treated, tolerated or terminated – see policy for further detail</i>	<i>Significant planned mitigation actions identified for delivery in the risk register</i>	<i>The progress made and impact, where available, of the planned mitigation actions by November 2025</i>	<i>The owners of the risk, in line with strategic management policy, who have agreed the risk</i>

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer/treat/tolerate/terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
<b>Risks to resources</b>											
1	Potential risk that: Financial pressures and increased complexity of demand for services impact on delivering all of the council’s commitments in the Community and Corporate	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Medium (8)	Risk levels remain unchanged	Strategic Cautious	Treat	Regularly review progress made in implementing the commitments of the community and corporate plan, ensuring resource is targeted in the most pertinent areas	A self-assessment report on progress made implementing the Community and Corporate Plan is currently being prepared for presentation to both scrutiny and Governance and Audit committees in July 2026 before being presented to Council in September 2026.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
	plan, leading to longer term outcomes for the county not being achieved									A Q2 progress update for 2025/26 was also presented to Cabinet in December.	
									Review the progress of the Enabling Strategies which support delivery of the community and corporate plan to ensure alignment of resources with policy priorities	The enabling strategies which support the delivery of the community and corporate plan have now been updated. An annual review of progress made in implementing these will be presented to scrutiny committee in July 2026.	
1b	Potential risk that:  The absence of a political majority makes it harder to ensure timely and appropriate decision making which results in delays and uncertainty in some projects	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (9) 2027/28 – Medium (9) 2028/29 – Medium (9)	Medium (9)	Risk levels remain unchanged	Strategic, Service delivery  Cautious	Tolerate	Utilise members seminars and scrutiny workshops to engage and involve all councillors in the development of policy  Maintain a fully populated forward work planner of Cabinet and Council business	Members seminars are being used to share developments and involve councillors on significant forthcoming decisions. Scrutiny workshops are being held to seek councillors' involvement in the development of proposals.  An established forward work planner is in place. There is a need to improve the timeliness of completion of the cabinet and council forward plan and align the forward plans of each committee.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader
2	Potential risk that:  Some services will become financially unsustainable in the short to medium term in their current form due to increasing demand and continuing financial pressures	All	2026/27 – High (16) 2027/28 – High (16) 2028/29 – High (16)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	High (12)	Risk levels remain unchanged	Service delivery  Cautious	Treat	Ensure that services deliver within budget, deliver savings targets and continue to identify, review and challenge pressures  Continue to work closely with schools to ensure their financial plans are as robust as possible to minimise any impact, whilst continuing to improve standards for our young people	Regular budget monitoring is undertaken. The latest 25/26 budget update notes a forecast surplus of £1,146,000. This is a significant improvement on the £29k surplus noted in the previous update. The improvement is primarily driven by changes in Social Care where the ability to maximise the impact of grant funding to meet core expenditure has been utilised. This update also forecasts a 93.1% delivery rate of the service savings required, again an improvement on the previous update which forecast a 90.4% delivery rate.  The overall level of school reserves is currently forecast to move further into deficit by the end of the 25/26 financial year. This would result in 19 out of 35 schools being in deficit at year-end.  All schools with a deficit budget must agree a recovery plan with the Local Authority - these plans are monitored on a frequent basis and support is provided by the Local Authority to ensure progress.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources
3	Potential risk that:  Some infrastructure and assets may become inoperative in the medium term due to insufficient capital funding available to	All	2026/27 – High (16) 2027/28 – High (16) 2028/29 – High (16)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	High (12)	Risk levels remain unchanged	Service delivery  Cautious	Treat	Regularly review assumptions as part of the capital MTFP taking account of any new information that is relevant and the consequential impact on the revenue MTFP	The Capital MTFP was updated as part of the development of the Capital Strategy. The capital MTFP and capital strategy seek to work towards a financially sustainable core capital programme, whilst balancing the need to deliver capital investment plans in line with policy commitment and need.	Peter Davies, Deputy Chief Executive and Chief Officer Resources, Debra Hill-Howells, Chief Officer

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
	sustain the level of maintenance needed									Capital and Asset Management working groups have been established to strengthen the scrutiny and challenge of the Capital Programme. Continue to monitor the Capital budget	Infrastructure & Cllr Ben Callard, Cabinet Member for Resources
4	Potential risk that: Difficulty recruiting for some posts that require specific skills or qualifications and continued wage inflation will impact the organisation's retention and workforce planning which may affect the delivery of Council services	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Medium (6)	Risk levels remain unchanged	Service delivery, Governance Minimalist	Treat	Recruit and retain staff more effectively Embed workforce planning to ensure the right skills, expertise and knowledge are available for future changes	The People Strategy was approved by Cabinet in June 2024 and contains a specific objective, and actions, aimed at improving recruitment and retention. An annual review of progress in implementing the strategy will be presented to scrutiny committee in July 2026. An e-recruitment system has been implemented to support the development of recruitment as a genuine talent acquisition process. A new and improved careers website has also launched to promote the benefits of a career with the council. The People Strategy was approved by Cabinet in June 2024 and focusses on strengthening workforce planning. An annual review of progress in implementing the strategy will be presented to scrutiny committee in July 2026. A work experience and apprentice policy has been developed to create a new pipeline of people being recruited and trained to supply the workforce of the future.	Matthew Gatehouse, Chief Officer People, Performance and Partnerships & Cllr Ben Callard, Cabinet Member for Resources
5	Potential risk that: Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Medium (8)	Risk levels remain unchanged	Information governance, service delivery Averse	Tolerate	Ensure robust arrangements are in place to safeguard the organisation's data and systems from cyber-attack	The Council recognises that total elimination of cyber-attack is not possible, but the focus is on ensuring robust arrangements are in place to safeguard data and systems from cyber-attack via: physical barriers to the network, staff awareness, training and culture and structured governance, risk analysis and business continuity planning.	Sian Hayward, Head of Information, Technology & Security & Cllr Ben Callard, Cabinet Member for Resources

**Risks to service delivery**

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
6	Potential risk that:  Instability in global politics and the recent war in Iran may result in disruptions to the global supply chain, including the supply of fuel, restricting the Council's ability to deliver key services and projects	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	High (12)	New risk added	Service delivery, Economic	Tolerate	To work with national, regional and local partners through emergency planning arrangements to assess and prepare if needed for any risks related to fuel supply	We are working with partners through the Gwent Local Resilience Forum to prepare and respond to potential risks with a focus on ensuring business continuity of services.	Peter Davies, Deputy Chief Executive, Cath Fallon, Head of Strategic Change, Partnerships and Procurement & Cllr Ben Callard, Cabinet Member for Resources
7	Potential risk that:  Significant harm to a child or adult may occur due to a specific failure of safeguarding arrangements	A Connected Place Where People Care	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Medium (8)	Risk levels remain unchanged	Safeguarding  Averse	Tolerate	Continually monitor and evaluate safeguarding processes and practice and ensure good accountability for safeguarding	The most recent Annual Safeguarding Evaluation Report was presented to Scrutiny committee in September 2025. The report evaluates the progress of the Council's key safeguarding priorities during 2024/25, highlighting progress, identifying risks and setting out actions and priorities for 2025/26.	Jane Rodgers, Strategic Director Social Care and Health, Will Mclean, Strategic Director Learning, Skills and Economy, & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
8	Potential risk that:  Risk of harm if we are unable to meet the care and support needs of some vulnerable children due to an increase in demand, complexity of cases and insufficiency of registered placements	A Connected Place Where People Care	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (8)	Risk levels remain unchanged	Safeguarding  Averse	Treat	Develop and expand the Children's Services Commissioning Strategy in response to the intention to eliminate profit from children's social care	A Placement Development Strategy update was presented to scrutiny in April 2026 – this outlines progress in meeting objectives including the development of 4 additional children's homes/supported accommodation.  Children's Services continue to plan for each child and a "horizon" list is kept to identify children who may need, at some point, to be accommodated. Predicting demand, however, remains a challenging and dynamic process, complicated by uncertainty within the care market nationwide.	Jane Rodgers, Strategic Director Social Care and Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
									Continue to implement the fostering strategy	The overall offer to foster carers has been reviewed and an increase in fees provided has been agreed. Limited progress has been made in the net numbers of in-house foster carers despite considerable effort and attention. The	

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
										recruitment and retention of foster carers remains an area of significant challenge.	
9	Potential risk that:  Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to high demand and complexity of cases	A Connected Place Where People Care	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (8)	Risk levels remain unchanged	Safeguarding  Averse	Treat	Rebalance reablement and long-term care within our in-house care at home service	There is increased capacity to provide reablement service to those who would benefit from it. While this is good progress the aim is to improve this further. In line with the aims of the commissioning strategy the focus is on further increasing the availability of in-house home care to support reablement as opposed to providing long term care.	Jane Rodgers, Strategic Director Social Care and Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
								Monitor requests for Domiciliary Care to ensure demand is being met and delays are minimised	All referrals are triaged at point of referral to ensure that those in most need are prioritised for assessment and intervention. Case reviews are being undertaken, applying the principles of the Social Services and Well-being Act to ensure a strengths-based approach looking at individual, family and community based support where appropriate. Access to care and support is not always timely; however, overall, there is increased capacity across home care.		
								Increase focus on preventative services	A whole authority preventative strategy, the 'Living-Well Strategy', has been approved by Cabinet. This strategy aims to implement preventative action to support residents, particularly vulnerable or older residents who are likely to need to enter the social care system, to live a healthy life, enabling them to remain at home and in their communities.		
10a	Potential risk that:  Failure to return attendance figures to those seen before the pandemic, particularly among vulnerable pupils and those eligible for free school meals, could lead to a worsening in educational attainment	A Learning Place	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Medium (8)	Risk levels remain unchanged	Strategic  Minimalist	Treat	Implement the new Attendance and Engagement Policy and processes	The Local Authority Attendance and Engagement Policy has been updated to encompass all aspects of the Engaging, Belonging and Participating guidance issued by Welsh Government in October 2023 and has been rolled out to all schools, along with further guidance.	Will Mclean, Strategic Director Learning, Skills and Economy & Cllr Laura Wright, Cabinet member for Education
									Work with schools and partners to better understand drivers of low attendance	Extensive multi-agency work has enhanced the understanding of, and support offered, around emotionally based school avoidance (EBSA) by professionals, including school staff, working with pupils and their families. This focuses on early identification and preventative support so that timely intervention occurs to promote positive outcomes and improve attendance, to prevent entrenched patterns of EBSA and persistent absenteeism.  Attendance in primary schools has improved to near pre-pandemic levels, secondary school attendance remains below pre-pandemic levels.	

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
10b	Potential risk that:  An increase in behaviours that challenge in schools which may lead to harm to a pupil or member of staff	A Learning Place  A Safe Place to Live	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (8)	Risk levels remain unchanged	Safeguarding , Health and Safety  Averse	Treat	Support learners most at risk of repeat Fixed Term Exclusions or of Permanent exclusions through the Education Support Team (EST)	The Education Support Team has enabled those learners most at risk of repeat Fixed Term Exclusions (FTE) or of Permanent Exclusions (PEX) to receive support from specialist professionals.  The Inclusion Panel has been reviewed to improve its operation and effectiveness. This has resulted in fewer permanent exclusions being upheld. The number of fixed term exclusions remains high.	Will Mclean, Strategic Director Learning, Skills and Economy & Cllr Laura Wright, Cabinet member for Education
								Implement the outcomes of the Pupil Referral Service review	The Pupil Referral Service (PRS) has been reviewed. This has helped to understand the current demand, while considering the future role and function of the PRS. Changes implemented include increasing the capacity of the PRS to provide preventative intervention for pupils at risk of permanent exclusions and enhanced support for learners to reintegrate into mainstream having had a period of support in the PRS.		

**Risks to policy priorities**

Page 106	Potential risk that:  Welsh Government/PEDW does not find the Replacement Local Development Plan (RLDP) sound or Council do not adopt the RLDP which restricts our ability to take forward key policy objective such as job creation, affordable housing development and the adoption of key policies to protect the environment and tackle climate change	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (8)	Risk levels remain unchanged	Governance, strategic  Minimalist	Tolerate	Prepare a Replacement Local Development Plan to address the county's issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities	This Deposit Replacement Local Development Plan was approved by Council in October 2025. The Deposit Plan sets the ambition for development within the county. The Deposit Plan will now be subject to public examination from Welsh Government and Planning and Environment Decisions Wales (PEDW).	Craig O'Connor, Chief Officer Place & Cllr Paul Griffiths, Cabinet member for Planning and Economic Development
	12a	Potential risk that:  The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 because our resources are not commensurate with the scale and complexity of the challenge	All	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (9)	Risk levels remain unchanged	Strategic, Environmental, Service Delivery  Minimalist	Tolerate	Deliver the Monmouthshire County Council Climate and Nature Emergency Strategy	The Climate and Nature Emergency Strategy is underpinned by four action plans, including a decarbonisation action plan. Progress in implementing the strategy is regularly monitored by the Climate and Nature Emergency Steering Group.
									Develop a Decarbonisation Strategy for the council's estate	A costed decarbonisation plan for the council's estate has been finalised. This sets out the steps the council will need to take to decarbonise its estate along with the estimated cost. The findings of this plan will be used to inform a decarbonisation strategy for the organisation. Implementing the ambition of the strategy will be challenging without significant investment.	

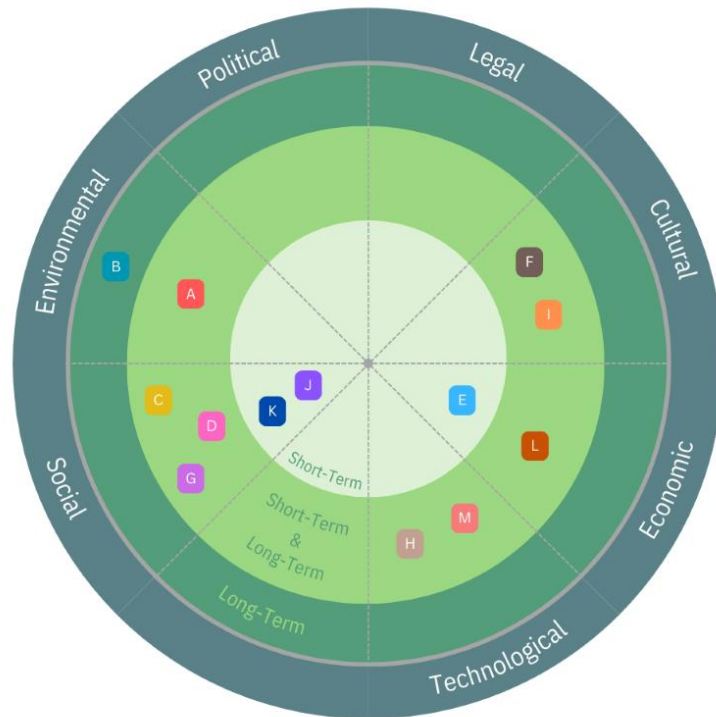
Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
12b	Potential risk that:  The Council is unable to deliver services as a result of the increasing frequency of climate-related emergencies such as floods or extreme heatwaves that increase the demand for emergency responses and can cause damage to infrastructure and the closure of facilities	All	2026/27 – High (16) 2027/28 – High (16) 2028/29 – High (16)	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	Medium (8)	Risk levels remain unchanged	Environmental, Service Delivery  Minimalist	Treat	Prepare and adapt for the impact of climate change	Welsh Government has produced The National Strategy for Flood and Coastal Erosion Risk Management in Wales, and in response, the council has reviewed its Local Flood Risk Management Strategy and Flood Risk Management Plan; a new combined strategy document has been developed.  Much of the work to coordinate emergency responses is organised through the Gwent Local Resilience Forum (LRF). The council continues to work with partners on the LRF to make sure that we are prepared for severe weather events.	Strategic Leadership Team & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment
13	Potential risk that:  Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market	A Safe Place to Live  A Fair Place to Live	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (8) 2027/28 – Medium (8) 2028/29 – Medium (8)	Low (4)	Risk levels remain unchanged	Service delivery  Minimalist	Treat	Prevent homelessness through Rapid Rehousing	Through Rapid Rehousing the council has facilitated increased resources into homeless prevention, for example through additional staffing and the availability of the Homeless Prevention Fund.  New arrangements have been established with partner agencies such as the DWP and Shared Benefit Service to support more people at risk of homelessness. The Housing Support service has been remodelled to include dedicated substance misuse support, temporary accommodation support and re-settlement support. This also includes dedicated support for young people with higher need.	Jane Rodgers, Strategic Director Social Care and Health, Matthew Gatehouse, Chief Officer People, Performance and Partnerships & Cllr Sara Burch Cabinet member for Rural Affairs, Housing & Tourism and Cllr Angela Sandles, Cabinet member for Equalities and Engagement
									Develop suitable accommodation for homeless people, including long-term housing for all those accommodated in temporary housing and specialist provision for those with additional needs	The availability of both temporary and settled homes for homeless households is being increased through a range of means including partnerships with private landlords through Monmouthshire Lettings and more homes through new build developments and acquisitions. An increasing number of properties are being acquired for use as temporary accommodation, including the recently opened Severn View which includes 17 units of temporary accommodation.	
14	Potential risk that:  The rising cost of living tips more families into crisis requiring public service interventions which diverts resources from other policy priorities	A Fair Place to Live	2026/27 – High (12) 2027/28 – High (12) 2028/29 – High (12)	2026/27 – Medium (9) 2027/28 – Medium (9) 2028/29 – Medium (9)	Medium (6)	Re-escalated risk	Service delivery, Economic  Cautious	Tolerate	Support residents with the cost-of-living crisis through ensuring they have the right advice and support	The Council is delivering a range of activities to support residents including the Money Matters campaign which signposts to sources of support and further delivery of the campaign to staff in schools and other projects related to the costs of the school day.	Paul Sullivan, Head of Customer, Communication and Engagement & Cllr Angela Sandles, Cabinet member for Equalities and Engagement
									Ensure residents are made aware of opportunities, grants and other relevant information to assist with the cost of living	Promotion and social media campaigns highlight key support to residents, as well as direct targeted work with community groups. Information is kept up to date on a cost-of-living website which front line services have	

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
										access to and able to signpost residents to for further support.	

## Appendix 4 – Risk Radar

In line with Strategic Risk Management Policy, the Council has developed a risk radar. The radar outlines some of the potential risks that Monmouthshire may face over the coming years. This report draws on national and global emerging risks identified in a range of horizon scanning reports, including most prominently the World Economic Forum (WEF) global risks report, UK Government’s National Risk Register and Welsh Government’s Future Trends Report. Evidence from this will help inform risk management by highlighting the key uncertainties and challenges that may affect our organisation's objectives and operations. Consideration will be given to the Risk Radar when identifying and managing strategic risks and in the Council’s wider service planning.

A range of evidence is collated to inform the radar. An overview of risks identified on the radar can be seen below. Risks have been categorised by a main factor and timescale, some will impact across multiple factor categories and varying timescales.



- A Increasing frequency of extreme weather events/changes in weather patterns which may impact Monmouthshire communities

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- B Declining ecosystem resilience and biodiversity loss which threatens the ability of natural resources to provide benefits to current and future generations

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- C Growing inequality in societies, particularly income inequality

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- D An ageing demographic and decreasing numbers of young people which may result in increased pressures in social care and labour market challenges

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- E Increasing levels of economic uncertainty paired with geopolitical instability

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- F Growing misinformation and disinformation which may widen societal divides

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- G Growing societal polarisation as a result of growing political and societal isolation and fragmentation

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- H Cyber attacks increasing in frequency and complexity

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- I Malicious threats which aim to disrupt our way of life and could threaten communities

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- J Major adult social care provider failure which will impact those with care and support needs

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- K A pandemic which may impact communities, particularly the most vulnerable

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- L Recruitment and retention issues, particularly in digital and data sectors, which may restrict ability to deliver services

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- M Increased use of Artificial Intelligence which could have both positive and negative implications on the Council

## Appendix 5: Strategic Risk Management – Summary

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. Strategic risks are those which affect the Council as a whole. Typically these will be key risks which could significantly jeopardise the Council's ability to achieve its objectives, statutory plans and/or provide operational services as planned.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. Within the Council the purpose of risk management is to:

- preserve and protect the Council's assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims, objectives and outcomes
- improve business performance and better anticipate calculated risks where these are likely in delivering improvements
- avoid unnecessary liabilities, costs and failures

The Council seeks to ensure that risk management is effective from strategic to individual services and employees. Therefore, all employees and councillors are responsible for ensuring there are good levels of internal control and risk management throughout the Council in order that the Council's specified outcomes are achieved.

The Council uses a 'traffic light' system of Red/Amber/Green associated with High/Medium/Low to categorise risk levels. This is determined using the risk matrix below.

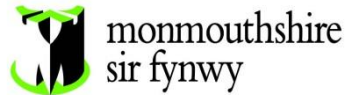
<b>High risk</b>	The risk is <b>highly likely</b> to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
<b>Medium risk</b>	The risk is <b>unlikely</b> to result in a major issue, however, if it did the impact would be <b>significant or serious</b> . This risk is relatively less significant than a High risk however it needs to be closely monitored within timely management action/controls to ensure it does not escalate.
<b>Low risk</b>	The risk is <b>very unlikely</b> to occur and the impact will be <b>minor or moderate</b> at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals

Alongside risk levels, risks are given a score. Scores of 1-4 are low risks, scores of 6-9 are medium risks and scores 12-16 are high risk. Providing a score as well as a risk level allows the variations within risk levels to be more clearly stated.

Target risk scores are also used in risk assessments. These indicate the optimal risk score that could be achieved following successful mitigation, within the context of available resources. Some target risk scores may remain the same as post-mitigation risk scores; this indicates that risk scores are not able to be lowered further with available mitigation.

Major (4)	Low (4)	Medium (8)	High (12)	High (16)
Substantial (3)	Low (3)	Medium (6)	Medium (9)	High (12)
Moderate (2)	Low (2)	Low (4)	Medium (6)	Medium (8)
Minor (1)	Low (1)	Low (2)	Low (3)	Low (4)
	Unlikely (1)	Possible (2)	Likely (3)	Almost certain (4)

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**SUBJECT: PANEL PERFORMANCE ASSESSMENT**

**MEETING: Governance and Audit Committee**

**DATE: 4<sup>th</sup> June 2026**

**DIVISION/WARDS AFFECTED: All**

**1. PURPOSE:**

- 1.1 To provide Governance and Audit Committee with the Panel Performance Assessment report and the authority's draft response to the recommendations in line with the requirements of the Local Government and Elections (Wales) Act 2021.
- 1.2 To enable the committee to review the draft response of the council to ensure this is appropriate and to make recommendations for changes to the response, where required.

**2. RECOMMENDATIONS:**

- 2.1 That the committee seeks assurance that the council's response to the Panel Performance Assessment's recommendations is appropriate and recommend any changes to the response where necessary.

**3. KEY ISSUES:**

- 3.1 Commissioning an external Panel Performance Assessment is a requirement under section 92 of the Local Government and Elections (Wales) Act 2021. The Act requires councils to make arrangements for an independent panel, appointed by the council, to assess the extent to which the council is meeting the performance requirements. Namely:
  - exercising its functions effectively;
  - using its resources economically, efficiently and effectively; and
  - having effective governance in place for securing the above.
- 3.2 This must take place at least once every electoral cycle and supplements the annual self-assessment report, the most recent of which was presented to the committee in July 2025 and approved by Council on 18<sup>th</sup> September 2025. Monmouthshire's panel assessment took place during the week commencing 23<sup>rd</sup> February 2026. The panel assessment is also part of the Council's ongoing commitment to transparency, improvement, and assurance for both councillors and residents.

3.3 Monmouthshire's panel was chaired by Beverley Smith. Beverley is the former Chief Executive of North West Leicestershire District Council and currently holds a number of Board roles including chair of the Local Boundary Commission for England. The remaining panel members included:

- Senior Member Peer: Cllr Darren Price, serving Councillor and former Leader of Carmarthenshire County Council.
- Serving Local Government Senior Officer: Louise Davies, Director of Community Services, Rhondda Cynon Taf County Borough Council.
- Peer from the wider public, private, voluntary sector: Chris Naylor, Consultant, Managing Director and former Chief Executive of the London Borough of Barking and Dagenham.

3.4 The detailed scope of the assessment was determined by the Cabinet. The scope was developed and informed by the Council's priorities set in the Community and Corporate Plan and learning from the self-assessment process. The development of the scope involved informal discussions with Cabinet, the Strategic Leadership Team, discussions with the WLGA, and was also presented to Governance and Audit Committee at their November meeting. The scope for the Monmouthshire Panel Performance Assessment was:

- How well does the council align across directorates to optimise delivery of the priorities set out in the Community and Corporate Plan?
- What opportunities are there to further develop the council's emerging person-centred and preventative approaches to working with its communities, local businesses and other stakeholders, (including town and community councils)?
- How well are we able to demonstrate the intended outcomes and emerging impacts of our Community and Corporate Plan and, how well do we communicate them to councillors, residents and other stakeholders, including town and community councils and local businesses?

The panel was asked to review the above and offer positive suggestions on how the above facets of our work can be improved.

3.5 The panel was also guided in their assessment by the ways of working and corporate governance headings set out in the Well-being of Future Generations Act: Corporate planning; Financial Planning; Workforce Planning (people); Procurement; Assets; Risk Management and Performance Management.

3.6 The panel were provided with a range of information to inform their findings, including information scrutinised by Governance and Audit Committee such as the self-assessment report, annual governance statements and strategic risk register. During their visit, the panel met with more than 120 people over the course of the week including: a politically balanced focus group of backbench councillors nominated by group leaders; focus groups of officers at all tiers of the organisation; volunteers; business leaders; town and community councillors; trade unions; leaders of other public sector organisations and most importantly focus groups of local people.

- 3.7 The panel's findings have been included in a report which is attached as appendix 1. The headline conclusion was:

*Monmouthshire is an ambitious, well-run Council with communities at its heart and a reach that transcends boundaries.*

- 3.8 Within their report, the panel have made the following recommendations:
- Prioritising major opportunities to deliver better outcomes for residents at lower costs.
  - Strengthening community resilience and shared understanding.
  - Completing the development of Workforce and Succession Planning.

- 3.9 The authority is required to produce a response to the report. This must include:
- The extent to which it accepts the conclusions in the report;
  - The extent to which the council intends to follow any recommendations contained in the report; and
  - Any actions it proposes to take to increase the extent to which it meets the performance requirements.

The council's draft response can be found in appendix 2.

- 3.10 The statutory guidance identifies a specific role for the Governance and Audit Committee within the process:

*"The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.*

*"If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change."*

- 3.11 It is therefore important to ensure that the committee is provided with the opportunity to review and make any changes, if needed, to the draft response to the Panel Performance Assessment and is able to gain assurance of the effectiveness of actions put in place as a result of the recommendations. This also forms part of the committee's remit to assure itself of the effectiveness of the authority's performance management and governance arrangements.
- 3.12 Following review and consideration of any changes from Governance and Audit Committee. The panel's report and the authority's response to it will be presented to full council on 25 June 2026 ahead of formal publication.
- 3.13 The progress in implementing the actions in the response will subsequently be monitored through the council's established performance management framework. A

specific evaluation of progress will also form part of the annual self-assessment report, which is presented to Governance and Audit Committee.

- 3.14 The committee may wish to familiarise itself with the underpinning Statutory guidance on Part 6, Chapter 1, of the Local Government and Elections (Wales) Act 2021. The relevant information can be located in chapter 3, accessible via:  
<https://www.gov.wales/sites/default/files/publications/2021-03/performance-governance-of-principal-councils.pdf>

**4. REASONS:**

- 4.1 To provide independent assurance on the council's ambitions and delivery, support continuous improvement, and meet the statutory requirements of the Local Government and Elections (Wales) Act 2021.

**5. AUTHOR:**

Matthew Gatehouse, Chief Officer – People, Performance and Partnerships

**6. CONTACT DETAILS:**

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## Appendix 2

### Monmouthshire County Council response to Panel Performance Assessment Report February 2026

The statutory guidance under the Local Government and Elections (Wales) Act 2021 requires the council to complete a response to the panel performance assessment report. In its response, the council is required to state:-

- the extent to which it accepts the conclusions in the report;
- the extent to which the council intends to follow any recommendations contained in the report; and
- any actions it proposes to take to increase the extent to which it meets the performance requirements.

This action plan sets out the council's response to each of the recommendations in the Monmouthshire County Council Panel Performance Assessment Report February 2026.

Ref	PPA Recommendation	Council response & action	Timescale & responsibility holder
1.	<p><b>Prioritising major opportunities to deliver better outcomes for residents at lower costs.</b></p> <p>The Panel recommends that the Council focus and prioritise major opportunities that will deliver better outcomes for residents at a lower cost. The Council must establish a clear mechanism to identify, assess and exploit these opportunities, supported by a structured plan to be completed by the end of 2026/27.</p> <p>The plan should include:</p> <ul style="list-style-type: none"> <li>• A robust assessment of the investment required;</li> <li>• Consideration of organisational capacity to deliver;</li> <li>• Expected returns, including both financial savings and improved outcomes;</li> <li>• Alignment with the Medium-Term Financial Plan (MTFP).</li> </ul> <p>Realising these opportunities requires discipline, sequencing and a strong organisational narrative linking change to outcomes and financial resilience</p>	<p>The Council accepts this recommendation and will implement the following response.</p> <p><u>Context</u> For Purpose, on Purpose (F-POP) provides the council's clear mechanism to identify, assess, prioritise and govern major change opportunities to deliver better outcomes and/or lower costs.</p> <p>The Programme Assurance Board oversees the whole change portfolio ensuring it is aligned with our purpose. This includes: identifying and scoping challenges and opportunities, developing business cases, managing risks and dependencies, ensuring organisational readiness, monitoring benefits/value realisation, and ensuring alignment with the Medium-Term Financial Plan (MTFP).</p> <p>A delivery plan for F-POP has been developed and is overseen by the Programme Assurance Board.</p>	Chief Executive

		<p><u>Actions</u></p> <ul style="list-style-type: none"> <li>• Establish and maintain a single, live change portfolio within FPOP (including major opportunities), with clear entry criteria, stage-gates and decision papers routed via the Programme Assurance Board (PAB).</li> <li>• Apply the FPOP Benefits and Value Framework to assess investment required, organisational capacity, expected returns (financial and non-financial) and delivery confidence; use this to prioritise opportunities and sequence delivery.</li> <li>• Strengthen programme management discipline through the FPOP Programme Management Office (PMO), including consistent templates, reporting, risk management and a portfolio dashboard to support early intervention where delivery is off-track.</li> <li>• Ensure opportunities that require Member decisions progress through existing approval routes (Cabinet/Council) with clear business cases and benefits realisation expectations.</li> </ul>	<p>Short Term: now – September 2026</p> <p>Short Term: now – September 2026</p> <p>Medium Term: October 2026 – March 2027</p> <p>Long Term: April 2027 – December 2027</p>
<p>2.</p>	<p><b>Strengthening Community Resilience and Shared Understanding.</b>  The Panel recommends that the Council works with communities and partners to develop a shared understanding of “community resilience” within the Monmouthshire context. This shared definition will enable better measurement of impact and help clarify the difference the Council and its partners aim to make.</p> <p>Key points include:</p> <ul style="list-style-type: none"> <li>• Using community insight to understand impact and well-being outcomes;</li> </ul>	<p>The Council accepts this recommendation and will implement the following response.</p> <p><u>Context</u>  We will adopt Resilient Communities as a single, consistent framing for this work. This provides a shared and strengths-based narrative aligned to the council’s values and responds directly to the PPA’s call for a clear, Monmouthshire specific understanding of community resilience.</p>	<p>Head of Customer, Communication and Engagement.</p>

	<ul style="list-style-type: none"> <li>• Ensuring prevention plans maximise social capital, which stakeholders identified as a major strength;</li> <li>• Strengthening purposeful communication and engagement with communities, drawing on the placemaking model;</li> <li>• Ensuring all communities - particularly in a large rural county - have a voice in shaping local priorities.</li> </ul> <p>Stakeholders are ready and willing to work with the Council and that co-design is essential for meaningful progress.</p>	<p>The approach complements the Living Well Strategy by providing the community level conditions that support prevention, early help and independence.</p> <p><u>Actions</u></p> <ul style="list-style-type: none"> <li>• Co-produce a clear, practical definition of Resilient Communities with communities, partners, Town and Community Councils and frontline officers, with equity embedded throughout the process.</li> <li>• Undertake proportionate mapping of existing community assets, networks and activity, focusing on strengths and gaps that matter for prevention. This will include a digital community asset map, supported by local points of contact for residents who are less digitally enabled.</li> <li>• Move from broad engagement to targeted action by identifying a small number of priority places and/or themes where strengthening Resilient Communities can deliver the greatest preventative and equity benefit.</li> <li>• Establish a Resilient Communities Network to support alignment, shared learning and reduced duplication across the Council, partners, health, the voluntary sector and Town &amp; Community Councils.</li> <li>• Use a proportionate mix of lived experience, qualitative insight and proxy measures to demonstrate progress, reflecting the PPA’s expectations for meaningful short and medium term evidence.</li> </ul> <p><u>FPOP linkage</u> Where the Resilient Communities approach translates into specific change projects (e.g., digital community</p>	<p>Short Term: now – September 2026</p> <p>Medium Term: October 2026 – March 2027</p> <p>Long Term: April 2027 – December 2027</p>
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		<p>asset map, priority place-based interventions), these will be captured within the FPOP change portfolio so progress, risks and benefits can be tracked consistently through corporate governance.</p>	
<p><b>3.</b></p>	<p><b>Workforce and Succession Planning</b>  The Panel recommends that the Council complete the development and implementation of its workforce and succession plan to underpin future delivery and organisational resilience.</p> <p>The emphasis is on:</p> <ul style="list-style-type: none"> <li>• Ensuring the Council has the skills and capabilities required for future challenges;</li> <li>• Addressing identified workforce gaps;</li> <li>• Supporting leadership development and retention of critical knowledge;</li> <li>• Strengthening organisational capacity to deliver its priorities.</li> </ul> <p>Workforce planning is essential to sustaining improvement, reducing single points of failure, and supporting innovation.</p>	<p>The Council accepts this recommendation and will implement the following response.</p> <p><u>Context</u>  We established a commitment to embed workforce planning across the organisation in the People Strategy and accompanying action plan approved by Cabinet in June 2024. The actions relating to workforce development were scheduled to commence once other building blocks has been put in place. These include: developing and launching a new employee review and development scheme, producing a training needs analysis conducted and establishing a training budget. With these now in place, or in the process of being rolled out, work has commenced on workforce planning, which is being taken forward under the banner of Future Focused Workforce.</p> <p><u>Actions</u></p> <ul style="list-style-type: none"> <li>• Run a development session for managers on succession planning with the LGA</li> <li>• Upskill HR Business Partners in strategic workforce planning'</li> <li>• Produce a workforce development plan to sit underneath the People Strategy to provide clarity on the steps that need to be taken to ensure a future focused workforce</li> </ul>	<p>Chief Officer – People, Performance and Partnerships.  December 2026</p> <p>Short Term: now – September 2026</p>

		<ul style="list-style-type: none"><li>• Implement the workforce of the future through expanding talent entry points, including work experience, apprenticeships, traineeships and graduate opportunities</li><li>• Develop a training pathway for all job roles to ensure existing staff are developed to maximise their capability</li><li>• Undertake research to understand the future skill requirements across the authority and develop or commission training to future proof our workforce</li></ul> <p><u>FPOP linkage</u> Workforce and succession planning will be treated as a core organisational readiness enabler within the FPOP change portfolio, supporting delivery capacity, reducing single points of failure and strengthening the Council's ability to deliver its priorities. Progress will be tracked through the same programme reporting discipline.</p>	Medium Term: October 2026 – March 2027
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monmouthshire  
sir fynwy

# Monmouthshire County Council Panel Performance Assessment (PPA)

February 2026



## 1.0 Introduction and Background

- 1.1 In accordance with the performance duties under the Local Government and Elections (Wales) Act 2021, Monmouthshire County Council (Cyngor Sir Fynwy) commissioned a Panel Performance Assessment (PPA) via the Welsh Local Government Association (WLGA).
- 1.2 The onsite assessment was completed over a four-day period concluding on 27<sup>th</sup> February 2026 with a feedback presentation provided to the Council outlining the key findings detailed within this report.
- 1.3 The assessment was undertaken based on the Council's agreed scoping document and the WLGA's PPA methodology, which was developed with the sector. The PPA methodology provides an overarching framework: the lines of enquiry are not prescriptive but provide guidance to the Panel on the areas that could be explored to meet the statutory duty. However, the extent to which the Panel explores those areas should be proportionate to the Council's scope but sufficient to enable the Panel to form a conclusion.
- 1.4 In accordance with the statutory guidance the PPA is not an audit or an inspection and does not seek to duplicate work undertaken by regulators and other bodies. Whilst the Panel has undertaken a corporate assessment, this assessment was not in-depth and should be considered alongside other sources of assurance such as the Council's own self-assessment, internal audit reviews, external audit, and regulatory reviews.
- 1.5 In preparing for the PPA, the Council scoped their requirements to maximise the value and impact of the assessment to the Council. The specific areas of focus identified by the Council are reflected in paragraph 3.2.
- 1.6 This report provides a summary overview of the conclusions of the Panel reported by exception.

## 2.0 Peer Team

- 2.1 The following Peers were commissioned by the WLGA to undertake the assessment. Selection of the Peers was agreed and at the discretion of the Council, based on suitability of skills and experience.
  - Independent Chair: Beverley (Bev) Smith, Former Chief Executive of Mansfield, Nottinghamshire and North West Leicestershire, former Chair of the Democracy and Boundary Commission Cymru and current Chair of the Local Boundary Commission for England.
  - Senior Member Peer: Cllr Darren Price, serving Councillor and former Leader of Carmarthenshire County Council.
  - Serving Local Government Senior Officer: Louise Davies, Director of Community Services, Rhondda Cynon Taf County Borough Council.
  - Peer from the wider public, private, voluntary sector: Chris Naylor, Consultant, Managing Director and former Chief Executive of the London Borough of Barking and Dagenham.

2.2 The Panel was supported by, Cerith Thomas, Senior Policy Officer (Improvement – Democratic Services) and Sarah Evans, Senior Support Officer (Improvement) from the WLGA’s Improvement Team.

### 3. Scope and Approach

3.1 The Panel is required to assess the extent to which the Council:

- Is exercising its functions effectively.
- Is using its resources economically, efficiently, and effectively; and
- Has effective governance in place for securing the above.

3.2 The Council identified the following three areas where peer insight would be valued as part of the Panel assessment:

- **Area of local Focus 1** - How well does the Council align across directorates to optimise delivery of the priorities set out in the Community and Corporate Plan.
- **Area of local Focus 2** - What opportunities are there to further develop the Council’s emerging person-centred and preventative approaches to working with its communities, local businesses and other stakeholders, (including Town & Community Councils).
- **Area of local Focus 3** - How well is the Council able to demonstrate the intended outcomes and emerging impacts of its Community and Corporate Plan and, how well does it communicate them to Councillors, residents and other stakeholders, including Town and Community Councils and local businesses.

3.3 To prepare for the onsite assessment, the Panel first conducted a desktop review of Council documentation, data, external reports, and other relevant intelligence. The Peers also participated in preliminary online meetings.

3.4 The desktop review also included analysis of recent staff and resident survey results, which provided valuable insight into organisational culture, staff engagement and public perception. These positive survey findings offered an additional evidence base that complemented the document review and the views gathered through interviews and focus groups, further strengthening the triangulation of the Panel’s assessment.

3.5 The Panel spent approximately 240 hours plus, during the onsite stage of the review involving a series of individual meetings and focus groups with the following stakeholders:

- Leader of the Council
- Chief Executive Officer
- Combined Strategic Leadership Team and Cabinet (Opening and Closing sessions)
- The Cabinet – Focus Group
- Deputy Leader and Cabinet Member for Planning and Economic Development
- Leader of the Opposition Group
- Group Leader, Green Independents

Monmouthshire Panel Performance Assessment (PPA) Report 2026

- Group Leader, Independent
- Elected Members - non-executive – Focus Group
- Scrutiny Chairs – Focus Group
- Independent Chair of the Governance and Audit Committee
- Independent Chair of the Standards Committee
- Strategic Leadership Team – Focus Group
- Deputy Chief Executive & Strategic Director - Resources (Section 151 Officer)
- Chief Officer - People, Performance and Partnership
- Chief Officer Place and Community Wellbeing
- Chief Officer Law and Governance (Monitoring Officer)
- Chief Officer Infrastructure
- Strategic Director - Children, Learning, Skills & Economy
- Strategic Director - Social Care & Safeguarding
- Chief Internal Auditor
- Head of Customer, Communication & Engagement
- Head of Strategic Change, Partnerships & Procurement
- Local Democracy Manager
- Heads of Service - Staff Focus Group
- Middle Managers - Staff Focus Group
- Frontline/Operational staff – Focus Group
- Youth Council Representatives – Focus Group
- Chief Constable of Gwent Police
- Leader of neighbouring Local Authority – Torfaen County Borough Council
- Leader of neighbouring Local Authority – Caerphilly County Borough Council
- Leader of neighbouring Local Authority – Newport City Council
- Chief Executive Officer of neighbouring Local Authorities – Torfaen and Blaenau Gwent County Borough Councils
- Chief Executive Officer of neighbouring Local Authority - Caerphilly County Borough Council
- Executive Director of Public Health and Strategic Partnership at Aneurin Bevan University Health Board and President of the Faculty of Public Health
- Town and Community Councils – Focus Group

- Trade Unions – Focus Group
- Business Community – Focus Group
- Voluntary Sector – Focus Group
- Older People - Stakeholder Focus Group
- Visit to Abergavenny Town Hall – Community Hub

#### **4. Overall Conclusion**

- 4.1 The Panel concluded that Monmouthshire is an ambitious, well-run Council with communities at its heart and a reach that transcends boundaries.
- 4.2 This conclusion is based on a comprehensive and triangulated assessment process, drawing on multiple sources of evidence. The Panel reviewed extensive documentation provided by the Council, including strategic plans, performance data, financial information and external audit findings, surveys, alongside insights gathered through the wide-ranging programme of interviews, focus groups and engagement sessions with internal and external stakeholders. This included elected members, senior officers, frontline staff, partners, community representatives, local businesses and Town and Community Councils. The breadth and consistency of feedback across these groups provided a robust foundation for the Panel's judgement and offered strong assurance of the reliability and validity of the findings.

#### **5. Local Context (Source: PPA Scoping Document)**

##### **Overview of Place**

- 5.1 Located in South-East Wales, Monmouthshire is strategically positioned between major centres in Wales and England. It covers around 880 km<sup>2</sup>, with only 3% classed as built on land. It borders several Welsh and English authorities and contains four primary settlements - Abergavenny, Monmouth, Caldicot and Chepstow - along with the towns of Usk and Magor with Undy. These settlements serve as historic market towns with strong links to their surrounding rural areas.
- 5.2 The county's population is 92,961, with an older age profile than the Welsh average. Around 26% of residents are over 65, and the proportion of older age groups is growing more quickly than across Wales. The demographic challenge of retaining and attracting younger people is a key issue identified in the replacement Local Development Plan.
- 5.3 Economically, Monmouthshire benefits from strong transport connections and proximity to Cardiff, Bristol and the Midlands. It has one of the most competitive economies in Wales, a highly qualified workforce, strong economic activity levels, and the highest rate of active enterprises per 10,000 population in Wales. Limited developed space for economic activity is a growing constraint.
- 5.4 Housing affordability is a significant local challenge, with some of the highest house prices in Wales - averaging 8.5 times local incomes. High costs drive outward migration, and more than 3,800 people are on the housing register, including over 2,000 identified as needing affordable housing.

## Political and Organisational Leadership

### Political Representation

- 5.5 Monmouthshire has 46 councillors representing 39 electoral divisions. The political representation is:
- Labour: 21
  - Conservative: 19
  - Independent Group: 4
  - Green Independent Group: 2 (one Green, one aligned independent)
- 5.6 The local government elections of May 2022 resulted in no political party having overall control of the Council. The Labour party was the largest party and formed a new cabinet without an overall majority. A coalition agreement was subsequently reached between the Labour group and the Green Councillor. This means some decisions at full Council may be decided by the chair's casting vote. The scrutiny call-in process ensures checks and balances in the democratic process and has been used a number of times during this electoral term.
- 5.7 The Council uses a Leader and Cabinet (Executive) governance model. The Council appoints the Leader of the Council annually. The Leader of the Council is Councillor Mary Ann Brocklesby, and the Deputy Leader is Councillor Paul Griffiths. The Leader decides the size and membership of the Cabinet i.e. the role of individual members of the Cabinet and arrangements for the exercise and delegation of Executive Functions. The Cabinet is comprised of 8 elected members, 7 Labour Group Councillors and 1 Green Independent Group councillor, who each have lead responsibility for an area of the Council's business, including the Leader. Cabinet members and their portfolios are:
- Cllr Mary Ann Brocklesby – Council Leader
  - Cllr Paul Griffiths – Deputy Leader and Cabinet Member for Planning and Economic Development
  - Cllr Ben Callard - Cabinet Member for Resources
  - Cllr Laura Wright - Cabinet Member for Education
  - Cllr Ian Chandler - Cabinet Member for Social Care, Safeguarding and Accessible Health Services
  - Cllr Catrin Maby - Cabinet Member for Climate Change and the Environment
  - Cllr Angela Sandles - Cabinet Member for Equalities and Engagement
  - Cllr Sara Burch - Cabinet Member for Rural Affairs, Housing & Tourism
- 5.8 The Cabinet have invested a tremendous amount of time in their own team development. Informal cabinet business meetings where things are shared openly and early take place every week, as do briefing sessions with the strategic leadership team. This ensures direct and appropriate conversations take place on a regular basis as part of an engaged and proactive political leadership model.
- 5.9 The Council has four main scrutiny committees:
- People Scrutiny Committee – Chair, Cllr Jackie Strong
  - Place Scrutiny Committee – Chair, Cllr Jane Lucas
  - Performance and Overview Scrutiny Committee – Chair, Cllr Alistair Neill
  - Public Services Scrutiny Committee – Chair, Cllr Armand Watts

- 5.10 At the time of the assessment, more detailed information on Cabinet members and their areas of responsibility was available on the Council's website.
- 5.11 The Council determines the Authority's policy framework and budget and other constitutional functions. Below Cabinet and at Council level there are a number of committees and panels that fulfil various scrutiny, statutory oversight and regulatory functions.

#### **Officer Strategic Leadership Team (SLT)**

- 5.12 The Cabinet and elected members are supported by the Strategic Leadership Team (SLT), comprising 8 officers, which is led by the Chief Executive, Paul Mathews. The Deputy Chief Executive is Peter Davies. For management purposes the Council's operations are organised into service areas each of which is headed by a Strategic Director or Chief Officer reporting to the Chief Executive.

- Deputy Chief Executive and Strategic Director- Resources, Peter Davies
- Strategic Director- Social Care, Safeguarding and Health Jane, Rodgers
- Strategic Director – Children, Learning, Skills and Economy, Will McLean
- Chief Officer - Law and Governance, James Williams
- Chief Officer - People, Performance and Partnerships, Matthew Gatehouse
- Chief Officer – Infrastructure, Debra Hill-Howells
- Chief Officer - Place and Community Wellbeing, Craig O'Connor

- 5.13 Following the departure of the Chief Officer for Communities and Place in September 2024, a decision was made to introduce an interim officer leadership structure to ensure continuity whilst giving the Leader and Chief Executive time to reflect on the best configuration going forward. This coincided with the short-term medical absence of the Chief Executive and subsequent departure of the Chief Officer for Customer, Culture and Wellbeing in March 2025.
- 5.14 In June 2025 the Chief Executive set out a refreshed permanent Strategic Leadership Team design and organisation structure. This aims to improve the operational and delivery capability of the organisation through a clear, permanent design that aligns accountability and responsibility within balanced directorate portfolios that lend themselves well to officer development opportunity across the Council without compromising current delivery. All posts in the established structure have subsequently been filled.
- 5.15 At the time of the assessment more detailed information on the Council's organisational structure, including Cabinet and senior leadership arrangements, was available on the Council's website.

#### **Workforce**

- 5.16 The Council employs over 4,100 individuals (2,895 FTE), with payroll costs making up almost half of the revenue budget. People are the Council's most important asset. A healthy and effective organisational culture is essential for it to succeed in delivering their strategies and achieving their purpose.
- 5.17 The People Strategy was approved by Cabinet in May 2024 following engagement with the workforce on what they need to help them succeed in the workplace. This strategy recognises both where the Council wants to be but also the challenges, they face in recruiting new staff, retaining current staff and planning for the future. The results of the staff survey showed high levels of satisfaction and

engagement with 82% of colleagues saying they would recommend the Council as an employer to friends and family and 89% of people saying that they understand the authority's purpose and their contribution to it.

- 5.18 There are positive working relationships with trade unions, with a formal Joint Advisory Group playing a key role in involving the unions in workforce and wider matters. This relationship means the organisation is well placed to deliver the aspirations of the Social Partnership Duty.

## **6. Strengths and Areas of Innovation**

- 6.1 Monmouthshire County Council demonstrates strong, visible leadership with a clear passion for tackling inequality and improving outcomes for communities. The Council is viewed as ambitious, consistently looking beyond its boundaries to secure wider opportunities for residents and businesses. It has developed well established strategic partnerships, recognised regionally and nationally for their effectiveness and collaborative ambition. Elected members bring a diverse array of skills and experiences that, when fully utilised through scrutiny and executive roles, can further strengthen delivery. The county's communities show a strong sense of independence and willingness to work with the Council, presenting an opportunity for deeper collaboration. Staff are seen as loyal, committed, and integral to the Council's culture and delivery model. Staff also reflected on the high level of empowerment they experience, commenting *"I don't have to fit into a box - I am allowed to be different"* and *"we employ adults here!"* reflecting a culture built on trust, maturity and autonomy.
- 6.2 The Council has a deep understanding of its communities and uses this knowledge effectively. It takes a person-centred approach, with a strong commitment to prevention and early intervention, aligned with regional partners. Monmouthshire has in place the building blocks and ethos (For Purpose-On-Purpose, F-POP) needed to respond to future challenges and pivot organisationally as needed.
- 6.3 Staff are one of the Council's greatest assets, demonstrating loyalty and a strong sense of organisational identity. Staff consistently expressed a strong sense of organisational identity and belonging, with one colleague noting that *"we are part of something really special."* Others highlighted the importance of values, describing it as *"rare to have kindness in values"* and emphasising that this ethos shapes how the organisation works with communities.
- 6.4 The Council also shows a clear commitment to effective communication and engagement with its communities.

## **7. Local and National Challenges**

### **7.1 Financial Overview – Summary**

- 7.1.1 Monmouthshire County Council ended 2024/25 with a small year-end revenue surplus, supported in part by Welsh Government funding. This positive position reflects the Council's continued focus on careful financial management during a challenging period for local government.
- 7.1.2 Like many councils across Wales, Monmouthshire continues to face pressures in key service areas such as Social Care, schools, Additional Learning Needs (ALN), Waste, Transport and Homelessness. School budgets, in particular, are under strain, with overall deficits increasing. However, there is a strong and shared commitment across the Council

and schools to tackle these pressures and put plans in place that support long-term financial sustainability.

- 7.1.3 While the delivery of savings in 2024/25 fell short in some areas, important progress has been made through improved financial controls, increased external income, and careful use of capitalisation where appropriate. The 2025/26 budget had been set on a balanced footing, and in year monitoring shows encouraging signs of stability.
- 7.1.4 Looking ahead, the draft 2026/27 budget proposes targeted investment in essential services alongside responsible council tax planning. A funding gap remains, but the Council has a clear approach for addressing this as part of its ongoing medium-term financial planning.
- 7.1.5 The medium-term outlook continues to be challenging, with projected budget gaps through to 2029/30. However, the Council has strengthened its long-term planning, and Audit Wales has recognised the positive direction of travel. Work is already underway to accelerate improvement plans, sharpen financial modelling and ensure that decisions are informed by the best available evidence.
- 7.1.6 Reserves remain lower than average in Wales, which is a known risk. The Council is therefore taking a proactive approach to strengthening financial resilience wherever possible, supported by clear leadership and an organisation-wide commitment to managing resources well.
- 7.1.7 Overall, while significant challenges remain, the Council has shown real determination in stabilising its financial position and is taking purposeful steps to ensure services can continue to meet community needs in a sustainable way.
- 7.1.8 In 2024 Audit Wales highlighted improved long-term planning but a lack of identified solutions to close the funding gap. Recommendations focus on accelerating the Change & Improvement Plan (F-POP), strengthening modelling and reporting impacts more clearly.

## **7.2 Financial Performance – Against its 2024/25 Budget**

- 7.2.1 The Council marginally outperformed its 2024/25 revenue budget, achieving a £1.239m gross surplus and a £497k final surplus after reserve movements, largely supported by a one off £1.19m Welsh Government grant. Despite this positive outturn, significant structural pressures remain across Social Care, Additional Learning Needs (ALN), Waste, Passenger Transport and Homelessness, with combined service overspends of £4.6m. School finances continue to deteriorate, with reserves moving to a £4.09m deficit and 15 schools in deficit, reflecting ongoing structural budget challenges.
- 7.2.2 Savings delivery remained below target, with 81.6% of the £10.94m requirement achieved, continuing a multi-year pattern of partial delivery. This position was cushioned by £3.68m of eligible costs funded through capitalisation, staff vacancies, and increased external income.
- 7.2.3 For 2025/26, the Council set a balanced budget following a £5.1m increase in core funding, supported by a guaranteed 3.8% funding floor. Mid-year monitoring shows an improving position, shifting from a forecast overspend to a small £29k underspend, driven largely by maximising grant funding in Social Care. However, significant risks persist in high cost, demand-led services, and schools' reserves are forecast to worsen to a £7.06m deficit, with 18 schools in deficit.

7.2.4 Projected savings delivery in 2025/26 is stronger at 90.4%, though shortfalls remain in Social Care and Infrastructure. Service-specific pressures continue across Early Years, school transport, homelessness provision and Adult and Children's Social Care, reflecting demand volatility.

7.2.5 Overall, while short-term financial control has improved, the Council continues to face substantial underlying budget pressures requiring sustained recovery planning and strengthened longer-term financial management.

### **7.3 Medium Term Financial Strategy**

7.3.1 The Council's Medium-Term Financial Strategy (MTFS) sets out a rolling four-year financial plan designed to respond to increasing service pressures, national economic conditions and uncertainty in future funding. The latest update forecasts a budget shortfall of £11.5m in 2026/27, rising to a cumulative £37.4m by 2029/30, despite improvements from previous projections.

7.3.2 These gaps are driven by rising pay and non-pay inflation, demand led- pressures in social care, and recurrent service cost increases. The Council recognises that its low level of usable reserves constrains financial resilience and limits flexibility in managing volatility. However, the MTFS and resultant budget strategies have allowed for a £1m contingency base budget to be established to allow for partial mitigation against financial and budgetary risks, along with outperformance of recent budgets allowing for modest and targeted replenishment of some reserves.

### **7.4 Financial Overview – Conclusions**

7.4.1 The Council's short-term financial management has stabilised, with improved in-year control and a surplus in 2024/25, but this position is significantly supported by one-off funding and does not address underlying structural pressures across Social Care, ALN, Waste, Passenger Transport and Homelessness.

7.4.2 Savings delivery is improving, rising from 81.6% in 2024/25 to a projected 90.4% in 2025/26, yet persistent under delivery continues to widen medium-term financial gaps. School finances remain a major and escalating risk, with deficits forecast to reach £7.06m in 2025/26 and nearly half of schools expected to be in deficit. School recovery planning and £1m of increased investment beyond pay related increases into school in 25/26 and 26/27 have allowed for the pace of increase in deficits to be reduced as recovery plans take effect.

7.4.3 The draft 2026/27 budget appropriately reflects major service pressures and realistic assumptions but retains a funding gap that must be closed before final approval. Medium-term forecasts show a cumulative shortfall of £37.4m by 2029/30, signalling the need for accelerated transformation, demand management and service redesign.

7.4.4 The Council's very low reserve levels constrain financial resilience, heightening exposure to risk. Audit Wales acknowledges improved strategic intent but stresses the need for faster implementation of the financial strategy, stronger modelling, and clearer reporting on the impact of financial decisions.

7.4.5 Overall, while short-term pressures are being managed, the Council faces significant medium to long-term challenges that require a shift from planning to delivery to secure sustainable financial stability.

## 8.0 Overview of Findings

This section outlines the three areas of local focus identified by the Council for the assessment, together with the Panel's accompanying findings, observations and insights.

### 8.1 Area of local Focus 1 – How well does the Council align across directorates to optimise delivery of the priorities set out in the Community and Corporate Plan.

#### Cross-Directorate Alignment and Collaborative Working

- 8.1.1 Monmouthshire County Council demonstrates a strong organisational ethos of networking, collaboration and shared accountability, supported by structures that promote cross-directorate working. This was reflected in staff feedback, and we heard, *“our networking is strong - it doesn't matter where I sit in the organisation.”* This reinforces the Panel's view that internal collaboration is a strength and is enabling more joined up practice. The Council has several examples where alignment is working effectively both conceptually and in practice - particularly in Children, Learning, Skills and Economy - helping to drive innovation and coherent strategic planning. New service alignments are improving the visibility of vulnerable groups and enhancing synergy across person-focused services.
- 8.1.2 The organisation is largely avoiding the pitfalls of silo working, with new ways of working enabling greater staff empowerment *“we employ adults here!”* and improved customer-centred approaches. The relocation of customer services is highlighted as a positive cultural signal, placing customers *“at the heart of the organisation.”* Cabinet thematic portfolios further reinforce cohesion and collective strategic focus.

#### Values, Workforce and Enablers for Delivery

- 8.1.3 The Council's values strongly underpin and support its delivery model, and the F-POP framework acts as a unifying mechanism for coherent cross-organisational working and change. Integration with community hubs provides a vital link to local communities, improving visibility and connections that support delivery.
- 8.1.4 The workforce is recognised as a critical enabler of organisational priorities, with the People Strategy providing a clear platform for strengthening capacity. Current work on identifying skills gaps will help shape future workforce capabilities and ensure the organisation remains resilient and adaptive. We heard a comment that *“it's rare to have kindness in values.”* The Panel emphasise that addressing workforce challenges now will:
- retain critical knowledge,
  - reduce single points of failure,
  - support innovation and skills growth, and
  - diversify leadership to maintain future resilience.

### 8.2 Area of local Focus 2 – What opportunities are there to further develop the Council's emerging person-centred and preventative approaches to working with its communities, local businesses and other stakeholders, (including Town & Community Councils).

#### Embedding Prevention across the organisation

- 8.2.1 Monmouthshire County Council has a clear and coherent strategic intent for its person-centred and preventative ambitions, grounded in both regional alignment and strong local relevance. The Council's values driven approach was also evident in staff perspectives,

with comments such as *“we are able to apply kindness to our communities,”* highlighting how the prevention ethos translates into day-to-day practice

The Council’s Living Well Strategy provides a well-articulated framework that recognises prevention as a long-term continuum and as a “point in time” document there is commitment to ensure this strategic intent continues to evolve, reflecting emerging learning and community insight. This is consistent with the Panel’s finding that the strategy is evidence-informed, shaped by environmental and cultural factors, and supported by strong regional partnerships.

- 8.2.2 Prevention is firmly embedded within the Council’s organisational ethos and is seen internally as giving “legitimacy and power” to a whole Council focus on early intervention. This is supported by emerging but sound cross-directorate governance arrangements, which demonstrate strong organisational commitment to systemwide delivery approaches. The Council’s focus on targeted populations, underpinned by a more data-driven approach, will build on shared needs assessments across Gwent Public Services Board (PSB) partners and the wider regional footprint. This provides a strong platform for further development.
- 8.2.3 A significant opportunity relates to the wider research and intelligence capacity available through strategic partners. The Panel heard consistently that partners - across public health, local authorities, voluntary sector organisations and others - are “ready and willing” to support Monmouthshire with research, evaluative capacity and insight. The strength of relationships across the region places the Council in a strong position to maximise this support more systematically, complementing its emerging internal analytical strengths.

#### **Community resilience and primary prevention**

- 8.2.4 The Council’s approach to prevention would be further strengthened by ensuring that community resilience work is developed in parallel with targeted population level interventions. It is important to recognise that populations are not homogenous the Council should ensure it understands the characteristics of different groups of people, including age and gender, and targets its prevention work taking these differences into account. While the current Living Well strategy acknowledges the role of community resilience, the Panel considers that it must be recognised by the whole organisation as a foundational layer of primary prevention. This means articulating more clearly what community resilience means in the Monmouthshire context and developing a shared baseline to enable progress to be understood over time, the absence of which is currently a limitation. Emerging national research can assist, but this work will need to be co-developed with communities and local stakeholders to ensure legitimacy and relevance.

#### **Engagement, co-production and social capital**

- 8.2.5 Stakeholders - including Town and Community Councils, local businesses, voluntary groups and residents - expressed strong willingness to be more involved in prevention, and the Council already benefits from substantial social capital across its communities. However, feedback also highlighted mixed experiences with engagement, with some groups finding it difficult to understand how to contribute to or influence the Council’s work. The Panel suggests that Monmouthshire’s traditionally outward facing partnership strengths should now be more deliberately channelled inward, ensuring co-production becomes the default approach where appropriate.

### **Place-based opportunities and equity considerations**

- 8.2.6 The Council's placemaking plans, developed through co-production, are strong and supported by clear delivery structures. There is recognised opportunity to extend place-based approaches across both rural and urban communities, ensuring that implementation aligns with the Council's equity ambitions. Many communities face barriers to accessing services and balancing the placemaking programme with these equity considerations will be essential to ensuring that benefits are distributed fairly and effectively.
- 8.2.7 Finally, while stakeholders identified significant opportunities to do things differently, the Panel emphasises the importance of ensuring that approaches intended to "create the right environment," enable "organic" community development or adopt a facilitative role are sufficiently purposeful to drive meaningful change. Given capacity constraints, the Council must channel all available talent - internally and externally - into clearly prioritised, intentional interventions that can deliver the equity and prevention outcomes it seeks.

### **8.3 Area of local Focus 3 - How well is the Council able to demonstrate the intended outcomes and emerging impacts of its Community and Corporate Plan and, how well does it communicate them to Councillors, residents and other stakeholders, including Town and Community Councils and local businesses.**

#### **Outcomes Framework, Long-Term Focus and Communicating Strategic Intent**

- 8.3.1 Monmouthshire County Council has developed a refined and clearer measurement framework that strengthens the alignment between strategic priorities, key outcome measures and the delivery of the Community and Corporate Plan. This sharpening of focus is important given the breadth of commitments within the Plan and the need to concentrate organisational attention on what matters most. Evidence from Education and Social Care demonstrates strong impacts and outcomes, with findings supported by external audit commentary.
- 8.3.2 A major strength is the Council's long-term focus, shared with regional partners, which frames how progress and impact should be understood. While long-term outcomes are well defined, the Panel recognises that evidence for short and medium-term progress remains more challenging. There are known system level issues with some national and regional metrics, which are outside the Council's direct control. In this context, the Panel encourages the Council to carefully consider the use of proxy measures and their limitations, and to complement quantitative performance data with qualitative evidence, including lived experience and case studies, to help illustrate the "so what" of interventions. This should form part of the Council's wider commitment to evidence-based practice and its openness to learning from others.
- #### **Articulating strategic intent**
- 8.3.3 The Panel considers that clearer articulation of the Council's strategic intent - whether in relation to economy, community or prevention - would strengthen both internal and external understanding of the outcomes the Council is trying to achieve. Staff fed back that, at times, it can be difficult to "see the wood from the trees." The recent organisational realignment is helping the Strategic Leadership Team identify cross-cutting themes that could be drawn together into stronger strategic narratives, but further clarification will assist stakeholders and communities in understanding the rationale and the impacts and outcomes the council is seeking to deliver.

### **Stakeholder involvement and co-production in understanding impact**

- 8.3.4 Stakeholders, including communities, businesses, voluntary sector partners and Town and Community Councils, should be involved earlier and more consistently in helping shape the Council's approach to evaluating impact. Their insight can strengthen the continuing development of the measurement framework and help ensure that outcomes reflect what matters most to residents. The Panel highlights the importance of co-production as a principle and the need to make full use of the significant social capital that exists across the county. Ensuring clarity on shared ambitions with key partners will support the Council's preventative ambitions and its wider community resilience work.

### **Capturing the story of progress**

- 8.3.5 While purposeful storytelling is recognised within the Council, its use remains inconsistent, with stronger practice more evident in areas such as social care. The Panel encourages the Council to embed a more systematic, organisation wide approach to capturing the journey towards long-term outcomes. This should maximise the use of lived experience, case studies and qualitative evidence, aligning storytelling with the Council's change programme, strategic priorities and what matters to residents and stakeholders. Strengthening this approach will help provide assurance that the Council is on the right trajectory and enable more compelling communication of progress and impact.

### **Communication, Engagement and Advocacy**

- 8.3.6 The Council's response to Storm Claudia demonstrated exemplary crisis communication practice, marked by clear, timely and proactive public messaging. The coordination between political leadership, operational teams and communications staff enabled residents to receive accurate updates quickly, while the organisation showed strong capacity for rapid organisational learning during and after the event. One comment captured this approach by describing the Council's style as "*chatting not talking*," reflecting a communication method that is conversational, accessible and grounded in trust.

## **9 Statutory performance requirements considered by the Panel.**

The following section examines the three statutory performance areas that form the core of the Panel's duty under the legislation. For each area, the Panel sets out its findings, observations and insights, offering an evidence-based assessment of how well the Council is discharging its statutory responsibilities.

### **9.1 The extent to which the Council is exercising its functions effectively**

#### **Strategic Leadership, Planning and Vision**

- 9.1.1 The Council demonstrates strong ambition with the capability to become "great," a view reinforced by external regulators. Corporate and service planning reflect key national frameworks, including the Wellbeing of Future Generations Act and Welsh Government Net Zero 2030 commitments, supported by a (Replacement) Local Development Plan and a cohesive, values driven leadership team that prioritises tackling inequality. The Chief Executive and Leader maintain an effective, honest working relationship, fostering a culture of collaboration and delivery across the strategic leadership team.

#### **Member - Officer Relations and External Insights**

- 9.1.2 Relationships between elected members and officers are described as effective, with members bringing diverse backgrounds and adapting well to their roles. The organisation is characterised as a "family," where individuals' journeys are recognised and valued.

However, businesses expressed a desire for improved engagement and raised concerns about the local planning process, citing it as a barrier to economic growth due to issues with communication, timeliness and customer care during planning interactions.

### **Performance Management, Workforce and Communication**

- 9.1.3 The Council has robust mechanisms for managing and monitoring service performance, including dashboards, trend analysis and RAG ratings accessible to staff and members. However, performance measures relating to outcomes and impact are less mature, and staff and members do not consistently understand how to use available performance information effectively.
- 9.1.4 The Council has invested significantly in staff communication and engagement, contributing to strong staff morale - "*Staff love working here!*" - and constructive trade union relationships. A People Strategy is in place, though the completion of the workforce plan remains an outstanding requirement.
- 9.1.5 There is also recognition of the need to enhance the use of storytelling and multimedia approaches to communicate outcomes more clearly to all communities particularly young people, building on existing positive shifts in communication and engagement practice. Several focus groups also highlighted the need for a clearer feedback loop, noting that while communication with the Council is regular and constructive, it is not always evident what actions are taken in response.

### **Strategic Partnerships**

- 9.1.6 Monmouthshire County Council has collaboration and partnership working embedded in its organisational culture, described as part of the Council's "DNA". Successive administrations have consistently valued and developed strong strategic partnerships to benefit Monmouthshire's communities. The Leader and Chief Executive are respected for bringing intellectual rigour, constructive challenge, and a strong advocacy role across regional forums.
- 9.1.7 The Council works effectively with neighbouring authorities and plays leading roles in key partnerships such as the South East Wales Corporate Joint Committee (CJC) and the Marches Forward Partnership, the latter focusing on cross-border connectivity, food, and the rural economy. Partnerships are built on shared values, and Monmouthshire is seen as a partner others want to work with. While the Council's ethos has been to "*offer more than we ask,*" the Panel highlights that now is the time to build on this investment and begin realising tangible returns, supported by sensitive and valued leadership.

### **Reputation, Credibility and Forward Momentum**

- 9.1.8 Monmouthshire is regarded by partners as credible, creative, innovative, agile and pragmatic in how it engages with joint working arrangements. There is a strong mutual understanding between the Council and its partners around the challenges each faces, alongside respect for Monmouthshire's collaborative approach.
- 9.1.9 The Council is now at a point where it must bring greater pace and focus to partnership activity to ensure that the strong foundations already established deliver greater benefits, impact and measurable outcomes for communities. Doing so will require sufficient capacity and sustained organisational focus to convert well-regarded partnerships into greater practical value for Monmouthshire residents.

## **9.2 The extent to which the Council is using its resources economically, efficiently, and Effectively**

### **Financial Context, Stability and Stewardship**

9.2.1 Monmouthshire County Council operates within the same challenging financial context faced by local government nationally, but has responded with a clear Medium-Term Financial Strategy, strong engagement across the organisation, and a shared understanding of both pressures and opportunities. The Council has a proven track record of delivering efficiencies, stabilising reserves, and strengthening financial discipline, including focused recovery plans for school deficits. Senior officers, including the Section 151 Officer and Children, Learning, Skills and Economy Leads, demonstrate a strong grasp of areas of financial concern.

### **Governance, Oversight and Data-led Decision-Making**

9.2.2 The Council benefits from robust committee oversight, particularly through the Performance and Overview Committee and the Governance and Audit Committee, both of which provide constructive challenge. There is an established approach to benefits realisation and return on investment assessments, supporting more rigorous decision making. The organisation recognises the importance of data and intelligence and is developing its work to quantify preventative spend. Budget development is increasingly treated as a continuous process, improving strategic alignment and organisational responsiveness.

### **Digital Enablement and Change Management:**

9.2.3 The Council has made good progress against its digital roadmap and strategy, using digital transformation as a key enabler for innovation and improved service delivery. However, there is a need for strong alignment between digital work and the wider change programme, ensuring consistent evaluation, effective project management, and adequate capacity and capability to deliver organisational change at the required scale.

### **Ambition, Opportunity and Organisational Capability**

9.2.4 Monmouthshire is ambitious about seizing opportunities to deliver better outcomes at lower cost, drawing on external best practice and building on what already works well locally. Senior officers have a comprehensive grasp of their operational and financial pressures, supporting sound decision-making. This reflects a wider organisational confidence in its ability to identify and act upon opportunities for improvement.

### **For Purpose On Purpose - F-POP as an Organisational Framework for Improvement**

9.2.5 The Council's F-POP approach provides a strong foundation for identifying improvement opportunities and establishing the conditions required to deliver them. The framework empowers leaders and teams to:

- Identify and scope opportunities
- Build and leverage the right internal and external relationships
- Work within a light-touch, proportionate Project Monitoring Office (PMO), avoiding duplication
- Draw on enabling services such as Shared Resource Service (SRS), Estates and HR

9.2.5.1 This creates a “can-do,” cross organisational culture that supports collaboration, ownership of change, and effective delivery. Senior officers again demonstrate strong understanding of key areas of risk, including in finance and education.

#### Opportunity Framework and Risks

9.2.5.2 The Council fosters a “can-do” culture that supports cross-organisation working, builds consensus, and avoids unnecessary “transformation theatre.” However, the intended end state for delivering major opportunities is unclear, and the process for determining this remains insufficiently defined, creating risks of sub-optimal outcomes.

#### Opportunity, Time and Capacity

9.2.5.3 The panel reinforce the message that the Council has significant opportunities to improve outcomes and efficiency, but that realising these opportunities will require time, organisational focus, and expanded capacity. There is a need to reinforce the theme of needing more intent and pace to deliver change.

#### Scale of Opportunity

9.2.5.4 The Panel noted that while there is significant potential for organisational improvement, any early estimates of scale are illustrative at this stage. A more detailed and evidence-based assessment will be needed to determine the realistic benefits that can be achieved. The Council must quantify, prioritise and plan the opportunities rigorously to unlock their value.

#### Refining Opportunity Estimates

9.2.5.5 To realise the potential for significant opportunities, the Council will need structured methods to turn broad, high-level estimates into actionable programmes supported by evidence-based projections of financial and outcome benefits.

#### Opportunity Pipeline and Delivery Stages

9.2.5.6 While the path from idea to delivery can vary it typically involves a progression through discovery, prioritisation, and design. Integrating case development and return on Investment analysis into this journey ensures that the implementation is backed by a robust strategic rationale.

9.2.5.7 These stages of the Improvement Framework highlight the need for a disciplined, structured approach to realising opportunities at scale. There is a strong understanding of key risks held by all accountable officers.

#### Timescales and Ambition

9.2.5.8 Indicative timelines illustrated to the Council during the feedback presentation underline that the transformation required is a long-term commitment, with full benefits likely to emerge towards 2029/30. However, the Panel emphasises that meaningful progress depends on the Council putting the necessary foundations in place now. Early measures introduced during 2026/27 will be critical in initiating the change process and positioning the organisation to sustain momentum. These timelines reinforce both the scale of the ambition and the level of organisational commitment needed to deliver transformation over multiple years.

#### Continued Emphasis on Long-Term Delivery

9.2.5.9 The Panel emphasises the importance of maintaining a long-term focus in planning and decision making. Achieving the scale of change identified will require sustained organisational commitment, clear sequencing, and ongoing horizon scanning to ensure the Council remains prepared for future challenges and opportunities.

### Aligning End-State Ambition with Organisational Reality

9.2.5.10 Delivering meaningful long-term change requires clarity about the desired end-state, realistic pacing, and an honest assessment of organisational capacity. Without a clearly defined destination and the conditions needed for success, opportunities may not translate into sustainable improvements.

#### Key Questions for Change

9.2.5.11 To support effective long-term transformation, the Council will benefit from exploring the core themes of purpose, delivery, and impact. This involves considering the rationale for change, the conditions required for success, and, critically, what the future state will look like for both residents and staff.

9.2.5.12 These questions highlight the need for a coherent narrative, clear design principles, and robust evaluation frameworks to support whole-system transformation.

## **9.3 The extent to which the Council has effective Governance in place.**

### **Effective Governance & Member Development**

9.3.1 The Panel were assured that effective governance arrangements are in place, as evidenced through regulatory reports, the Annual Governance Statement and confirmed during the onsite interviews. The Panel also consider that there remains scope to further strengthen aspects of the existing framework, and these areas for improvement are set out in the sections that follow, reflecting opportunities to build on a strong foundation and enhance the Council's overall governance effectiveness.

### **Strengths in Governance and Leadership**

9.3.2 Monmouthshire County Council demonstrates strong and effective leadership, with clear understanding of respective member and officer roles and a culture of transparency and accountability across the organisation. Members are described as well-connected to their communities, responsive, and valued for their insight, while scrutiny chairs and non-executive members show strong commitment and passion for contributing to the Council's work. Committees are characterised as inclusive and well chaired, supporting constructive democratic governance.

### **Scrutiny Arrangements**

9.3.3 Scrutiny work programmes are in place and there is good use of pre-decision scrutiny, helping strengthen informed decision-making. However, members report that scrutiny views are not always sufficiently valued, with limited feedback following reports to Cabinet. The timeliness of the Cabinet forward plan can also hinder scrutiny's effectiveness. There is a lack of clarity around how members can deploy "deep dive" approaches within task and finish methodologies, suggesting further support and clearer frameworks are needed.

### **Full Council Effectiveness and Use of Time**

9.3.4 Full Council meetings are described as well-informed with robust debate, reflecting active democratic engagement. However, the lengthy duration of meetings is unusual, consideration should be given whether the constitution best enables councillors to focus time on the most strategic issues. The structure of meetings should be reviewed to better utilise the wide range of skills and experience that members bring.

**Member Development, Training and Support Tools**

9.3.5 A comprehensive Member Training Programme is in place, including a strong induction offer for new members and ongoing improvements led by the Democratic Services Committee. E-learning enhances flexibility and accessibility. However, individual Personal Development Plans (PDPs) are not yet in place, limiting tailored development. The “My Monmouthshire” system provides a platform for managing casework, though members report functionality limitations that affect usability and create frustration.

**10 Opportunities for Improvement – Recommendations.**

10.1 We have carefully considered the three required performance areas and the additional three areas identified by the Council for local consideration as part of the assessment process. This report contains a number of observations and comments about the Council’s performance in each of these areas. They should be considered along with the summary of recommendations set out in the table below.

**10.2 Table 1 - Summary of recommendations.**

<b>1</b>	<p><b>Prioritising major opportunities to deliver better outcomes for residents at lower costs.</b></p> <p>The Panel recommends that the Council focus and prioritise major opportunities that will deliver better outcomes for residents at a lower cost. The Council must establish a clear mechanism to identify, assess and exploit these opportunities, supported by a structured plan to be completed by the end of 2026/27.</p> <p>The plan should include:</p> <ul style="list-style-type: none"> <li>• A robust assessment of the investment required;</li> <li>• Consideration of organisational capacity to deliver;</li> <li>• Expected returns, including both financial savings and improved outcomes;</li> <li>• Alignment with the Medium-Term Financial Plan (MTFP).</li> </ul> <p>Realising these opportunities requires discipline, sequencing and a strong organisational narrative linking change to outcomes and financial resilience.</p>
<b>2</b>	<p><b>Strengthening Community Resilience and Shared Understanding.</b></p> <p>The Panel recommends that the Council works with communities and partners to develop a shared understanding of “community resilience” within the Monmouthshire context. This shared definition will enable better measurement of impact and help clarify the difference the Council and its partners aim to make.</p> <p>Key points include:</p> <ul style="list-style-type: none"> <li>• Using community insight to understand impact and well-being outcomes;</li> <li>• Ensuring prevention plans maximise social capital, which stakeholders identified as a major strength;</li> <li>• Strengthening purposeful communication and engagement with communities, drawing on the placemaking model;</li> <li>• Ensuring all communities - particularly in a geographically large county - have a voice in shaping local priorities.</li> </ul> <p>Stakeholders are ready and willing to work with the Council and that co-design is essential for meaningful progress.</p>

<b>3</b>	<b>Workforce and Succession Planning</b> <p>The Panel recommends that the Council complete the development and implementation of its workforce and succession plan to underpin future delivery and organisational resilience.</p> <p>The emphasis is on:</p> <ul style="list-style-type: none"><li>• Ensuring the Council has the skills and capabilities required for future challenges;</li><li>• Addressing identified workforce gaps;</li><li>• Supporting leadership development and retention of critical knowledge;</li><li>• Strengthening organisational capacity to deliver its priorities.</li></ul> <p>Workforce planning is essential to sustaining improvement, reducing single points of failure, and supporting innovation.</p>
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10.3 Collectively, these recommendations set out the priority areas for strengthening performance and governance and provide a basis for the Council's ongoing improvement journey.

## **11 Improvement Support**

If you would like to discuss any further improvement support, please contact Jo Hendy, WLGA Chief Officer Improvement

## **12 Acknowledgements**

The Panel and the WLGA would like to extend their thanks to the Council for its engagement throughout the PPA and we especially appreciate the support and openness from the Leader, Councillor Mary Ann Brocklesby and Chief Executive, Paul Matthews. Our thanks and appreciation also go to Matthew Gatehouse - Chief Officer - People, Performance and Partnerships, Carly Rogers, Hannah Carter and Richard Jones for their invaluable support in coordinating documentation requests, responding to queries, arranging meetings and workshops, and providing onsite assistance.



## REPORT

**SUBJECT** Annual report of Freedom of Information Act (FOIA), Data Protection Act (DPA) Breaches, Data Subject Access Requests (DSARs)

**MEETING** AUDIT COMMITTEE

**DATE** 4th June 2026

### 1. PURPOSE

1.1 The purpose of this report is to inform members of the committee of how the Council manages its legal responsibilities towards the Freedom of Information Act (FOIA) and Data Protection Act (DPA). These responsibilities are met wholly by the actions of staff and the policies and procedures that are in place. The report also presents relevant performance statistics for the committee to evaluate.

### 2. RECOMMENDATIONS

2.1 Members are asked to scrutinise, review and assess the Council's arrangements for managing and responding to information requests and breaches and to consider the adequacy and effectiveness of those arrangements.

### 3. KEY ISSUES:

3.1 Information is a key resource alongside finance and people. The use, storage and publication of information is governed by legislation in the form of the Freedom of Information and Data Protection Acts. Non-compliance with this legislation can result in financial penalties in severe cases. However, any financial penalties that the Council incur are not as damaging as the disruption to operational services or the loss of personal data.

3.2 The majority of information is held in digital format, and modern flexible working practices have increased risk of data loss from cyber-crime or human error. Where personal information is compromised it's called a data breach, and there are protocols to follow to minimise the effects, or harm, to the people concerned.

3.3 The statistical data included in this report isn't just for information. It is actively used to target changes in the way information is recorded, making it easier to extract the relevant data on request. It is also used to assess the training needs of the organisation and to focus that training to services with a higher risk of a data breach.

## 4. FREEDOM OF INFORMATION

- 4.1 Under the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004, members of the public are entitled to request copies of recorded information that the Council holds.

Requests can be for any information held. EIRs are requests for environmental matters. Information held may be in digital form, paper form or recordings. The Council do not have to create information that is not held at the time of request.

Requests may be received via the Contact Centre, website, email, social media or written letter. EIRs can also be submitted verbally. FOIs and EIRs can be received by any member of staff and should be forwarded to the FOI team.

Once received, the Council has 20 working days to provide the response or to supply a refusal. It is the responsibility of the service departments to search for, collate and redact the information before it is submitted to the requestor.

The Council can only refuse to disclose information if it is covered by an exemption (FOI) or exception (EIR). Examples include personal data of third parties, safeguarding security, disclosure would adversely affect and course of justice. A public interest test (PIT) is often required to apply exemptions/exceptions.

Some FAQ datasets are held on the website for ease of responding to common themes. These are updated quarterly by the FOI team.

Responses are normally sent in the same manner as request received – email, post etc. Enquirers can request alternative formats and methods of return.

If an enquirer is dissatisfied with the response, the FOI team will try to resolve informally in the first instance. If the enquirer remains unsatisfied, they can request an Internal Review which is carried out by the Information Management and Governance Lead Officer.

The number of requests received by Monmouthshire County Council in recent years are documented in the following table. It should be noted that FOI/EIR requests received have become more complex and therefore take more time and resource to complete them.

All statistics related to FOI compliance are published on the [FOI page of the Corporate website](#).

### 4.2 Breakdown of last financial year (April 2025 to March 2026)

Financial Year	Number of requests received
2022-23	992 (250 EIR, 742 FOI)
2023-24	1159 (292 EIR, 867 FOI)
2024-25	1021 (217 EIR, 804 FOI)
2025-26	1058 (265 EIR, 793 FOI)

	2022/23	2023/24	2024/25	2025/26
Requests received	992	1159	1021	1058

Requests closed on time	909 (92%)	1069 (92%)	979 (96%)	985 (93%)
Internal Reviews	19	25	15	41

4.3 Internal Reviews (IR) are undertaken when the Council has failed to provide FOI information within the legislative timescales or where the requestor believes inaccurate or incomplete information have been sent.

4.3.1 Members will note an increase in the number of Internal Review requests in the last year. The Council are receiving a significant number of Internal Review requests generated by enquirers using AI, which contributes to this increase. A number of enquirers also submit multiple requests in short succession and request an IR on each of them. As examples, 5 of the Internal Review in year were submitted individually by a single enquirer within a 2 week period. A further 5 were requested by a different enquirer on a single email, listing 5 references they wanted to contest at once. These needed to be registered separately against each reference, though they were handled together.

4.3.2 Where possible, a portion of requests are being handled by the team informally under course of business, rather than registered formally under FOI/EIR legislation. This practice started in 2024/25 and accounts for the drop in total requests received from that year.

Requests for standard, readily available information (such as a request for the name and email of the Chief Executive) are handled informally.

Handling a request informally decreases administrative burden to the team, and allows them to provide more prompt, helpful responses to the enquirers. Alongside the informal response, the offer to handle each request formally is provided to ensure legislative requirements are met. This approach has had positive feedback, with multiple compliments to the team for their speed of response.

Requests handled informally	Number
<b>2024/25</b>	213
<b>2025/26</b>	242

- 4.4 FOI requests are allocated into the service areas that 'own' the response by the statutory deadlines. This is to help Members identify where the FOI requests are targeted.

<b>Service Area</b>	<b>Number of requests (2023/24 Financial year)</b>	<b>Number of requests (2024/25 Financial year)</b>	<b>Number of requests (2025/26 Financial year)</b>
Communities & Place	332	309	336
Children and Young People	97	101	95
Mon Life	52	46	48
Other (inc. Whole Org.)	42	38	35
People & Governance	58	N/A	N/A
Law & Governance (2024)	5	25	20
Policy & Performance	48	72	89
Resources	221	216	187
Social Care, Health and Safeguarding	304	214	248
<b>TOTAL</b>	<b>1159</b>	<b>1021</b>	<b>1058</b>

- 4.5 The Information Governance Officers provide FOI/EIR training where required, with a focus on high-demand and front-line teams.

- 4.6 Considerable effort is being made to 'signpost' people to readily available information rather than respond in detail to an information request. This is linked to opening up data on the website in order for people to self-serve. It should be noted that in 2025/26 the FOI team have responded (in full or part) to 12.9% of formal requests themselves, or 29.2% of all requests if including informal responses.

## **5. DATA PROTECTION ACT BREACHES**

- 5.1 Under Article 33 of the UK GDPR 2018, the Council must report any breaches of data to the supervisory authority unless it is unlikely to result in a risk to the rights and freedoms of natural persons. The supervisory authority for the Council is the Information Commissioner's Office (ICO).

All staff are asked to alert the Data Protection Officer if they suspect a breach of personal data. This information is assessed as to whether it is an actual breach and if there is any potential 'harm' to the person (the data subject) whose information has been shared in error.

All potential breaches are investigated thoroughly and logged alongside any relevant information. If it is necessary to report the breach to the ICO, then this must be done within 72 hours of being alerted to the issue. The ICO then make a judgement as to whether the breach was preventable and whether all preventative steps had been taken. They also have the power to issue fines if a serious infringement has occurred. The ICO may, alternatively, issue warnings, reprimands or recommendations.

If a person or organisation has received any personal data of another person/s in error, then they are asked to return, delete or destroy that data. They are also asked to sign a containment form to confirm this.

In most cases, the data subject is also informed that the breach has occurred.

All staff receive mandatory GDPR/Data Protection training and this is available on the Thingi Learning Management System as part of the 'Essential Learning' package for all staff. This has recently been updated (17/04/2026) and relaunched. It is predicated that, within the next few months, nearly all staff will have completed. The system is set up with robust 'chasing' for staff who have not undertaken mandatory training. This includes automated notification of managers if a course is not completed. A separate version of this training is available in an online format for any staff or volunteers who do not have access to the Thingi system. For service areas that deal with a large amount of personal data, bespoke face-to-face training is also provided.

- 5.2 Breaches can be reported to the Information Governance team from internal or external sources and in any way. Breach reporting is encouraged of any kind so it can be evaluated whether they are serious or not. People are not expected to have the degree of knowledge of what constitutes a breach. Once reported, breaches are documented and categorized.
- 5.3 The tables below set out the number of breaches split into directorates and type. It is useful to note that the whole council is classed as a single 'data controller', whilst each school is its own 'data controller' so is responsible for its own data protection management. Table iii shows the number of breaches notified to the ICO.

*Table I – Number of Data Breaches recorded 1<sup>st</sup> April to 31<sup>st</sup> March (all data in the subsequent tables refer to data collected between these dates)*

Directorate	Number of Data Breaches			
	2022/23	2023/24	2024/25	2025/26
Chief Execs	3	1	1	n/a
Children & Young People	12	10	7	6
Enterprise (Communities & Place)	13	10	6	13
Customer, Culture & Wellbeing - Mon Life	4	1	6	1
Law & Governance	3	2	8	1
People, Performance & Partnerships	1	2	4	4
Resources	0	0	0	1
Schools ( <i>own Data Controllers</i> )	21	16	38*	37*
Social Care, Health & Safeguarding	32	24	25	27
<b>TOTAL</b>	<b>89</b>	<b>66</b>	<b>95</b>	<b>93</b>

*\*School breach reports have increased over the past year/s due to the active involvement of the Information Governance team with school business administrators and Head Teachers. Awareness of breaches has been raised, and schools are actively recognising issues and reporting them to the team.*

*Table ii - Type of data breach*

	2022/2	2023/24	2024/25	2025/26
Cyber Security Issue	0	0	0	0
Email**	70	52	74	59
Paper Records	11	3	9	12
Laptop/other devices	0	0	0	1
Other*	8	11	12	21
<b>TOTAL</b>	<b>89</b>	<b>66</b>	<b>95</b>	<b>93</b>

\* 'Other' breaches include electronic records shared or accessed incorrectly, records not redacted accurately, or photographs being shared without consent

\*\* Emails continue to account for a high proportion (63%) of all breaches in 2025/26. However, this percentage had dropped over the previous 12 months. This is being monitored, but it is likely to be a result of more information being held and shared via Sharepoint Online, rather than as attachments.

Table iii - Number of Data Breaches reported to the ICO

	2022/23	2023/24	2024/25	2025/26
Corporate	2	1	1	1
Schools	0	0	1	2
<b>TOTAL</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>

- 5.4 For the reports sent to the ICO regarding personal Data Breaches in 2025/26, two did not result in any penalties or sanctions. A decision from the ICO regarding the other report is still awaited. When responding to a report that requires no further action from themselves, the ICO issue a 'checklist' to support learning and training of staff.

Table iv - Number of Data Incidents ('near miss breaches')

	2022/23	2023/24	2024/25	2025/26
Corporate	19	31	27	29
Schools	1	3	4	7
<b>TOTAL</b>	<b>20</b>	<b>34</b>	<b>31</b>	<b>36</b>

- 5.5 The Data Incidents referred to in **Table iv** relate to issues that have occurred where some personal data may have been compromised or lost but have not resulted in a breach. For example, an attachment being sent to the incorrect email address, but the password for the attachment was not shared, would be recorded as an 'incident' as no personal data was accessed by an incorrect recipient.
- 5.6 These Data Incidents, or 'near misses,' are tracked and are used to enhance training and other awareness activities. Staff are also encouraged to reflect on their practice and procedures, which often instigate a change in processes to ensure a breach is not incurred in future. It is positive that these incidents are reported to the team, even if very minor.
- 5.7 Records are kept of data breaches/incidents caused by other organisations that contain MCC data. For example, a member of a Health Board sharing a MCC care report with an incorrect person which resulted in a breach of personal data. These

breaches are followed up robustly with the external organisation and recorded for reference purposes.

*Table v - Number of External Organisation Breaches and Incidents*

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Corporate	5	7	9	4
Schools	2	1	4	6
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>13</b>	<b>10</b>

5.8 Data Protection Impact Assessments (DPIA) are drawn up when services adopt new systems to ensure we are considering the implications of the data protection principles.

## **6. DATA SUBJECT ACCESS REQUESTS**

6.1 Under Article 15 of the UK GDPR 2018, an individual is entitled to receive a copy of any records containing their personal data that are held by the Council.

Requests may be received via the Contact Centre, website, email, written letter or via a conversation with a member of staff.

Personal detail collection forms are sent to the requester to confirm their identification.

On receipt of confirmed identification, the Council have one calendar month to respond to the requester. All requests are recorded and sent to the pertinent service to process.

Records that contain third party information need to be redacted so that this information is not visible to the requester.

The records may be returned to the requester in paper or electronic format. This is agreed with the requester at the start of the process.

6.2 The vast majority of DSARs relate to Social Care and, because these records can go back many years, responding to these requests is quite an undertaking. The number of DSARs therefore may not reflect the resources needed to collate the information. As well as the steady increase in Subject Access requests, the volume of enquiries for other information has increased significantly in the last two financial years and is becoming even more resource intensive.

6.3 For the purposes of this report, the number of DSARs received and responded to is shown in the table below. This includes a breakdown of the main request service areas.

6.4	Financial Year 2022/23	94 DSARs
	Financial Year 2023/24	108 DSARs
	Financial Year 2024/25	115 DSARs
	Financial Year 2025/26	123 DSARs

6.5 **Number of Data Subject Access Requests for Financial Years (as current data stands)**

<b>Data Subject Access Requests</b>	<b>2022/23 Number</b>	<b>2023/24 Number</b>	<b>2024/25 Number</b>	<b>2025/26 Number</b>
Children's Services	69	57	68	63
Adult Services	9	16	7	16
Mixed Children's and Adult Services	10	4	37	10
Whole Authority	6	31	3	34
<b>TOTAL</b>	<b>94</b>	<b>108</b>	<b>115</b>	<b>123</b>
<i>No. of individual requestors above</i>	67	88	92	95
<i>No. of 'on time' replies (28 days)</i>	64%	65%	58%	60%
<i>No. of enquiries received concerning potential illegal activities eg, National Fraud organisations, Rent Smart Wales, Home Office Immigration</i>	<b>11</b>	<b>31</b>	<b>112</b>	<b>191</b>

Due to the increasing complexity and amount of requests received, the Customer Relations and Information Security & Technology teams are looking into ways to support managing and responding to requests. This includes discussions with other Local Authorities and the SRS regarding the use of software and AI to support the redaction process. However, DSARs will always require significant human input to ensure the security and integrity of highly sensitive personal data.

**7. CONSULTEES:**

Information, Security and Technology Team  
Chief Officer Resources

**8. BACKGROUND PAPERS:**

FOI requests, DPA breach notifications & DSARs records

**AUTHOR:** Sian Hayward – Head of Information Security and Technology & SIRO

**CONTACT DETAILS:**

Tel: 01633 344309 / 07971 893998

Email: [sianhayward@monmouthshire.gov.uk](mailto:sianhayward@monmouthshire.gov.uk)

## GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME 2026-27

16TH APRIL 2026

Reports to be with Peter by – 24th March 2026  
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 27th March 2026  
 Pre-meeting – 1st April 2026  
 Finalised reports to Democratic Services – 4pm, 8th April 2026  
 Despatch by Democratic Services – 8th April 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Self-assessment of performance management arrangements report	Richard Jones/Hannah Carter		✓			
Implementing Audit Wales recommendations to improve the Council's digital approach	Audit Wales					✓
Code of Corporate Governance	Jan Furtek				✓	

4TH JUNE 2026

Reports to be with Peter by – 11th May 2026  
 Reports to be with Nicola Perry/Chair prior to pre-meeting – 15th May 2026  
 Pre-meeting – 20th May 2026  
 Finalised reports to Democratic Services – 26th May 2026  
 Despatch by Democratic Services – 27th May 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Effectiveness of Strategic Risk Management Framework and summary of wider arrangements	Richard Jones		✓			
Draft Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs)	Sian Hayward		✓			
Internal Audit Annual Report 2025/26	Jan Furtek				✓	
SRS Annual Internal Audit Report – Torfaen CBC IA Team	Jan Furtek				✓	
2025/26 Treasury Outturn report	Jonathan Davies	✓				

Panel Performance Assessment - To receive and review the authority's draft response to recommendations of the panel performance assessment report	Matthew Gatehouse		✓			
Whistleblowing Annual Report	Philippa Green	✓				

**23RD JULY 2026**

**Reports to be with Peter by – 6th July 2026**  
**Reports to be with Nicola Perry/Chair prior to pre-meeting – 9th July 2026**  
**Pre-meeting – 13th July 2026**  
**Finalised reports to Democratic Services – 14th July 2026**  
**Despatch by Democratic Services – 15th July 2026**

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Revenue & Capital MTFP update and process	Jon Davies	✓				
2026/7 Q1 - Treasury report	Jon Davies	✓				
Mon CC Draft Statement of Accounts 2025/26	Jon Davies	✓				
Draft Annual Governance Statement 2025/26	Jan Furtek				✓	
Internal Audit quarterly progress report (Q2)	Jan Furtek				✓	
Audit Wales Work Programme: Council Progress Update	Richard Jones		✓			✓
Draft Self-Assessment Report 2025/26	Richard Jones		✓			
Annual cyber security assurance report	sian hayward		✓			

**10TH SEPTEMBER 2026**

**Reports to be with Peter by – 14th August 2026**  
**Reports to be with Nicola Perry/Chair prior to pre-meeting – 20th August 2026**  
**Pre-meeting – 26th August 2026**  
**Finalised reports to Democratic Services – 1st September 2026**  
**Despatch by Democratic Services – 2nd September 2026**

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Governance & Audit Committee Annual report 2025/26	Chair – Andrew Blackmore		✓			
2025/26 Welsh Church Fund/Monmouthshire Farm School Endowment Trust Draft Statements of Accounts	Jon Davies	✓				

**15TH OCTOBER 2026**

Reports to be with Peter by – 21st September 2026  
 Reports to be with NicolaPerry/Chair prior to pre-meeting – 29th September 2026  
 Pre-meeting – 5th October 2026  
 Finalised reports to Democratic Services – 6th October 2026  
 Despatch by Democratic Services – 7th October 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2025/26 MCC Statement of Accounts Final	Jon Davies	✓				
WAO Audit of Accounts Report	Steve Wyndham/Charlotte Owen					
Health and Safety Annual Report	Kate Thompson		✓			
Anti Fraud, Bribery and Corruption Risk Assessment	Jan Furtek				✓	
Audit Wales Report: National Fraud Initiative 2025/26 - Update for Monmouthshire County Council	Steve Wyndham		✓			✓
Internal Audit quarterly progress report (Q2)	Jan Furtek				✓	
Whole Authority Commissioning Framework & Approach	Cath Fallon/Peter Davies		✓			

**19TH NOVEMBER 2026**

Reports to be with Peter by – 26th October 2026  
 Reports to be with Nicola Perry/Chair prior to pre-meeting – 3rd November 2026  
 Pre-meeting – 9th November 2026  
 Finalised reports to Democratic Services – 10th November 2026  
 Despatch by Democratic Services – 11th November 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
26/27 Q2 Treasury report	Jon Davies	✓				
Whole Authority Annual Complaints Report	Annette Evans/Matthew Gatehouse			✓		
The Ombudsmans's Annual Letter	Annette Evans/Matthew Gatehouse			✓		
Annual Audit Plan Welsh Church Funds						✓

Effectiveness of Strategic Risk Management Framework	Richard Jones		✓			
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**14TH JANUARY 2027**

Reports to be with Peter by – 24th December 2026  
 Reports to be with Nicola Perry/Chair prior to pre-meeting – Wednesday 30th December 2026  
 Pre-meeting – 4th January 2027  
 Finalised reports to Democratic Services – 5th January 2027  
 Despatch by Democratic Services – 6th January 2027

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2025/6 WCF/Mon Farm Statement of Accounts Final and ISA260 for trust funds	Jon Davies	✓				
2027/28 Capital strategy & Treasury strategy	Jon Davies	✓				
Audit Wales Work Programme: Council Progress update	Richard Jones		✓			

**11TH FEBRUARY 2027**

Reports to be with Peter by – 18th January 2027  
 Reports to be with Nicola Perry/Chair prior to pre-meeting – 26th January 2027  
 Pre-meeting – 1st February 2027  
 Finalised reports to Democratic Services – 2nd February 2027  
 Despatch by Democratic Services – 3rd February 2027

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
26/27 Q3 Treasury report	Jon Davies	✓				
Internal Audit quarterly progress report (Q3)	Jan Furtek				✓	
Internal Audit Strategy (2027/28)	Jan Furtek				✓	

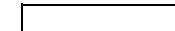
**18TH MARCH 2027**

Reports to be with Peter by – 22nd February 2027  
 Reports to be with Nicola Perry/Chair prior to pre-meeting – 2nd March 2027  
 Pre-meeting – 8th March 2027  
 Finalised reports to Democratic Services – 9th March 2027

**Despatch by Democratic Services – 10th March 2027**

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Self-assessment of performance management arrangements report	Richard Jones/Hannah Carter		✓			

**To add:**  
 GAC Self Assessment - to agree timings with Chair









# Public Document Pack Agenda Item 15

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 16th April, 2026 at 2.00 pm

**PRESENT:** Andrew Blackmore, (Chair)  
County Councillor Tony Easson, (Vice Chair)

Lay Members: Colin Prosser, Rhodri Guest,

County Councillors: Sara Burch, John Crook, David Jones,  
Malcolm Lane, Phil Murphy and Peter Strong

### **OFFICERS IN ATTENDANCE:**

Nicola Perry	Senior Democracy Officer
Peter Davies	Deputy Chief Executive and Chief Officer for Resources
Jan Furtek	Chief Internal Auditor
Richard Williams	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Richard Jones	Performance and Data Insight Manager
Jonathan Davies	Head of Finance/Section 151
Colin Davies	Performance Audit Manager for Monmouthshire
Steve Wyndham	Audit Wales Officer

### **APOLOGIES:**

County Councillor Ann Webb; Siwan Davies

#### **1. Declarations of Interest**

There were no declarations of interest.

#### **2. Public Open Forum**

There were no matters for the public open forum.

#### **3. To note the Action List from the previous meeting.**

[Watch the meeting here](#)

The Committee considered the action list.

- Commissioning Framework – One action remained open and was scheduled to return to the Committee on 4 June 2026.

The Performance & Data Insight Manager advised that work on the framework was ongoing, led by the Strategic Procurement Team in collaboration with Ardal. It was likely that the anticipated date would require adjustment, which would be reflected in the action plan and work programme outside the meeting.

## MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 16th April, 2026 at 2.00 pm**

### **4. Audit Wales - Monmouthshire County Council's Statutory Accounts: Delivery Plan and Next Steps**

[Watch the meeting here](#)

Audit Wales presented a letter issued by the Auditor General to Welsh local government bodies concerning progress on statutory accounts.

The officer outlined the context, noting sector-wide delays since the pandemic, the earlier audit deadline (now end of September), and the need for continued collaboration. It was confirmed that the Council remained in a strong position, with timely and good-quality draft accounts.

Members queried the Council's capacity to meet shortened deadlines. The Head of Finance confirmed that draft accounts had consistently met deadlines, but acknowledged increased challenge in the audit completion phase, highlighting the importance of earlier engagement and corporate ownership of the process.

The Chief Officer for Resources emphasised the importance of coordinated planning, strong liaison with Audit Wales, and careful resource management, particularly over the summer period. He also drew attention to sector-wide challenges in specialist capacity and the potential role of technology and data analytics.

Members commended the Finance Team for the quality and timeliness of accounts.

#### **RESOLVED:**

That the report and discussion be noted.

### **5. Audit Wales Audit Plan 2026-27**

[Watch the meeting here](#)

Audit Wales presented the Annual Audit Plan. The officer outlined the scope of the financial audit, materiality levels (£3.9m overall; lower thresholds for senior officer remuneration and related party transactions), and key audit risks, including pensions, asset valuations, and the South East Wales Corporate Joint Committee.

Concerns were raised regarding the increase in audit fees, and the Committee was advised that the fee reflected inflationary pressures, was an estimate based on expected work, and remained below the Welsh local authority average.

The Committee received detail of the performance audit elements, including:

- A cyber security review
- One service-based review
- One follow-up review of previous audit work

Council officers would be consulted on scope where appropriate, while Audit Wales retained discretion over final audit focus.

#### **RESOLVED:**

That the Audit Plan for 2026/27 be noted.

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 16th April, 2026 at 2.00 pm

### **6. Implementing Audit Wales recommendations to improve the Council's digital approach**

[Watch the meeting here](#)

Audit Wales reported on follow-up work reviewing implementation of prior digital strategy recommendations and the Council's arrangements for tracking audit recommendations.

It was confirmed that:

- The Council had approved its Digital and Data Strategy 2024–2027 on time.
- Robust monitoring and governance arrangements were in place.
- Member and senior officer oversight of audit recommendations was effective.

Members welcomed the positive findings.

#### **RESOLVED:**

That the report be noted.

### **7. Self-assessment of performance managements arrangements report**

[Watch the meeting here](#)

Officers presented the self-assessment of performance management arrangements. Key points included:

- Clear alignment between wellbeing objectives and the performance management framework.
- Revised service business plan templates and associated training under development.
- Improved use of dashboards and performance data.
- Strengthened strategic risk management arrangements.
- External assurance from Estyn and the Panel Performance Assessment.

Members raised observations regarding the timeliness and consistency of service business plans. Officers acknowledged historic issues and outlined how new training systems would support improvement.

#### **RESOLVED:**

That the report be noted.

### **8. Code of Corporate Governance**

[Watch the meeting here](#)

The Chief Internal Auditor presented the updated Code of Corporate Governance. It was explained that:

- The Code reflects CIPFA/SOLACE principles.
- Core governance principles remain unchanged.
- The update refreshes references, responsibilities and review mechanisms.
- The Code underpins the Annual Governance Statement and forms part of the Constitution.

## MONMOUTHSHIRE COUNTY COUNCIL

### **Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 16th April, 2026 at 2.00 pm**

Officers clarified relationships between the Code, governance framework and Constitution, and emphasised the need to increase accessibility and awareness among Members and staff.

#### **RESOLVED:**

That the updated Code of Corporate Governance be endorsed and recommended to Full Council for approval and adoption.

#### **9. Governance and Audit Committee Forward Work Plan**

The Committee noted the Forward Work Programme.

#### **10. To approve the minutes of the previous meeting**

The minutes of the previous meeting held on 26<sup>th</sup> February 2026 were confirmed as a correct record.

#### **11. Dates of Future Meetings:**

The schedule of future meeting dates was noted.

**Meeting ended at 15:15pm**