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Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

Dydd Mawrth, 20 Ionawr 2026

Notice of Meeting

Pwyllgor Llywodraethu ac Awdit

Dydd Mercher, 28ain Ionawr, 2026, 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, 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. | Ymddiheuriadau am absenoldeb. | |
| 2. | Datganiadau o Fuddiant. | |
| 3. | Fforwm Agored i'r Cyhoedd. | |
| 4. | Nodi'r Rhestr Weithredu o'r cyfarfod diwethaf. | 1 - 2 |
| 5. | Datganiad Cyfrifon Terfynol ac Adroddiadau Archwilio ISA260 ar gyfer Cronfeydd Ymddiriedolaeth 2024/25 Cronfa Eglwys Cymru / Ymddiriedolaeth Gwaddol Ysgol Fferm Sir Fynwy. | 3 - 76 |
| 6. | Rhaglen Waith Archwilio Cymru: Diweddariad Cynnydd y Cyngor. | 77 - 100 |
| 7. | Diweddariad Gweithgaredd Rheoli'r Trysorlys - Chwarter 3 2025/26. | 101 - 124 |
| 8. | Ymarfer Menter Twyll Genedlaethol (NFI) 2024-25. | 125 - 128 |
| 9. | Blaengynllun y Pwyllgor Llywodraethu ac Archwilio. | 129 - 134 |
| 10. | Cymeradwyo cofnodion y cyfarfod blaenorol. | 135 - 138 |
| 11. | Dyddiad y Cyfarfod Nesaf: 26 Chwefror 2026 am 2.00pm. | |

Paul Matthews
Chief Executive

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore

Siwan Davies

Colin Prosser

Rhodri Guest

County Councillor Sara Burch

Cantref; Labour and Co-Operative Party

County Councillor John Crook

Magor East Welsh Labour/Llafur Cymru with Undy;

County Councillor Tony Easson

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

Public Information

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

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A copy of this agenda and relevant reports can be made available to members of the public attending a meeting by requesting a copy from Democratic Services on 01633 644219. Please note that we must receive 24 hours notice prior to the meeting in order to provide you with a hard copy of this agenda.

Watch this meeting online

This meeting can be viewed online either live or following the meeting by visiting www.monmouthshire.gov.uk or by visiting our Youtube page by searching MonmouthshireCC.

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

If you would like to suggest future topics for consideration by Governance and Audit Committee, please do so by emailing 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?

**Governance and Audit Committee Action List
27th November 2025**

| Action | Subject/ Meeting | Officer | Outcome | Due date | Action Status | Recommended to close Action Yes/No |
|---------------|--|---------------------------|--|-----------------|----------------------|---|
| 1 | Audit Wales Report: Arrangements for commissioning services and council management response | Richard Jones | Ensure that the commissioning framework (in development) is brought to Governance and Audit Committee at a suitable stage for scrutiny | | OPEN | No |
| 2 | 2025/26 Treasury Report | Jon Davies | Re: Castlegate Business Park - Ensure that an updated valuation and return on investment report is included in the Performance and Overview Scrutiny Report in the new calendar year. | | OPEN | No |
| 3 | Ombudsman's Annual Letter | Monitoring Officer | Written response on the Monitoring Officer's supervisory role in relation to Town and Community Councils and complaints | | OPEN | No |

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AGENDA ITEM TBC

| | |
|---------------------------------|--|
| SUBJECT: | AUDITED / EXAMINED STATEMENT OF ACCOUNTS 2024/25 – CHARITABLE TRUST FUNDS |
| MEETING: | Governance and Audit Committee |
| DATE: | 28th January 2026 |
| DIVISIONS/WARD AFFECTED: | All |

1. PURPOSE:

- 1.1. The purpose of this report is to provide the results of the external audit or examination of the statement of accounts for The Welsh Church Act Trust Fund and Independent Examination Report for The Monmouthshire Farm School Endowment Trust Fund for 2024/25, subsequent to the process undertaken by Audit Wales.

2. RECOMMENDATIONS:

- 2.1 That the audited 2024/25 statement of accounts for The Welsh Church Act Fund (**Appendix 1**) are approved in conjunction with the Audit Wales ISA260 Audit of Accounts report for The Welsh Church Act Fund.
- 2.2 That the independently examined financial statements for The Monmouthshire Farm School Endowment Trust Fund for 2024/25 (**Appendix 3**) are approved in conjunction with the Independent Examination Report for The Monmouthshire Farm School Endowment Trust Fund.

3. KEY ISSUES

- 3.1 Governance & Audit Committee received the draft 2024/25 statement of accounts for the trust funds at their meeting on 11th of September 2025. The external audit process has subsequently taken place culminating in the audit report and examination report being presented at this meeting, and audited statement of accounts being brought forward.
- 3.2 In respect of the Welsh Church Act Fund, Governance and Audit Committee approval of the audited accounts should follow the audit process, and under the current Charity Commission guidelines the audited accounts should be filed with them by the 31st of January 2026.
- 3.3 In respect of the Monmouthshire Farm School Endowment Trust Fund, Governance and Audit Committee approval of the audited accounts is undertaken in conjunction with their presentation to the Trust Funds Management Board on the 20th of January 2026.
- 3.4 The audited statements have been produced within required timescales and as to enable the statements to be lodged with the relevant committees as required.

- 3.5 The meeting of the required deadlines has required a joint effort between the Trusts management and Audit Wales, and management would like to acknowledge the professional and supportive approach in which Audit Wales undertake their work.

Audit Findings - The Welsh Church Act Trust Fund

- 3.6 The auditors intend to provide an unqualified audit report on The Welsh Church Act Trust Fund accounts for 2024/25. This is shown at **Appendix 2**.
- 3.7 No significant errors or areas of concern have been raised in the ISA 260 audit of accounts report, with minor amendments identified as shown below in **figure 1** and within the ISA 260 report itself. These have been adjusted for within the final audited statements shown at **Appendix 1**.

Figure 1 – Corrections and misstatements identified

| Value of correction | Accounts area | Explanation |
|----------------------------|---|--|
| £8,347 | Note 10 Investments | Our audit has identified overstatements of £5,978 in the 'AEGON' holding and £2,369 in the 'Schroders income maximiser' holding. These misstatements arose from inaccuracies in the recorded number of units held and the unit prices applied. |
| Various | Some minor amendments were made to the financial statements relating to revisions to disclosures, narrative changes, casting errors or typos. | Our audit has identified some minor financial, narrative and presentational amendments which have now been corrected. |

Audit Findings - The Monmouthshire Farm School Endowment Trust Fund

- 3.8 The auditors intend to provide unqualified examiners report on the Monmouthshire Farm School Endowment Trust Fund accounts for 2024/25. This is shown at **Appendix 4**.
- 3.9 No significant errors or areas of concern have been raised in the examiner's report, with minor misstatements identified as part of the process adjusted for within the final statements shown at **Appendix 3** and as noted in the examiner's report.

4. REASONS

4.1 To receive and approve the audit reports and final statement of accounts as presented enabling the lodging of the accounts with the relevant bodies within required timescales.

5. CONSULTEES

Head of Finance (Deputy Section 151 Officer)

6. BACKGROUND PAPERS

Appendix 1 - Audited statement of accounts 2024/25 - Welsh Church Act Fund

Appendix 2 - Audit Wales audit of accounts report 2024/25 – Welsh Church Act Fund

Appendix 3 - Final statement of accounts 2024/25 - Monmouthshire Farm School
Endowment Trust Fund

Appendix 4 - Audit Wales audit report 2024/25 – Monmouthshire Farm School
Endowment Trust

7. AUTHORS:

Dave Jarrett
Finance business partner – Central Finance

Nikki Wellington
Finance and support services manager - CLSE

8. CONTACT DETAILS

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**The Monmouthshire County Council
Welsh Church Act Fund**

**Annual Report and Financial Statements for the year
ended the 31 March 2025**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

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**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

Trustee, Officers, and Advisors

Trustee

Monmouthshire County Council

Secretary

James Williams
Chief Officer, Law & Governance (Monitoring Officer)
Monmouthshire County Council

Registered Office

County Hall
The Rhadyr,
Usk
NP15 1GA

Auditors

Auditor General for Wales
1, Capital Quarter,
Tyndall Street,
Cardiff
CF10 4BZ

Solicitor

James Williams
Chief Officer, Law & Governance (Monitoring Officer)
Monmouthshire County Council

Investment Custodian

Monmouthshire County Council

General Management

Mr Peter Davies
Deputy Chief Executive & Strategic Director – Resources,
Section 151 Officer
Monmouthshire County Council

Bankers

Barclays Bank
1-5 St David's Way
St David's Centre
Cardiff
CF10 2DP

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

Report of the Trustee for the year ended 31 March 2025

The Trustee presents its annual report and the audited financial statements for the year ended 31st March 2025 of The Monmouthshire County Council Welsh Church Act Fund ('the Charity').

The information with respect to the Trustee, officers and advisors set out on page 1 forms part of this report.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on the 1st January 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the UK Generally Accepted Practice as it applies from the 1st January 2015.

Structure, Governance and Management

The Charity is governed by the Welsh Church Act 1914 and the Welsh Church Act (Designation and Specification) Order 1996 and is registered with the Charity Commissioners under charity number 507094.

The Charity covers the Council administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen, and the City of Newport, with Monmouthshire County Council being designated as the host Authority. The Monmouthshire Welsh Church Act Fund was established on 1 April 1996, from the former Gwent Welsh Church Act Fund and part of the former Mid Glamorgan Welsh Church Act Fund.

Monmouthshire County Council as the Corporate Body is the Trustee for the Welsh Church Fund and therefore there are no policies and procedures adopted for the induction and training of trustees. The trustees also have regard to the Charity Commission's guidance on public benefit.

The management of the Charity Fund is undertaken by officers of the Council, and a calculated proportion of their time is charged to the Fund.

Objectives

The primary object of the Charity for each year, as stated in its governing document, is to assist public groups and individuals for educational, social, recreational, and other charitable benefit purposes. Grants are available from the Fund for capital or revenue purposes. Capital grants may be awarded to assist organisations in the furnishing and upkeep of buildings. Revenue grants are designed to further the aims of societies and to assist individuals in their various pursuits.

Grants allocation policy

An annual budget set by the Trustee for grant payments is split between the administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen, and Newport on a population basis.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

A Committee set up by the Trustee approves grant applications on a basis in line with full Council meetings or as deemed required by the participating authorities. Grants are made in pursuance of the Charity's objectives.

The grant allocation of each financial year is considered in line with the long-term financial viability of the trust and to maintain the ability to generate funds in future years for distribution by maintaining sufficient capital assets.

Review of activities and future developments

The Statement of Financial activities for the year is set out on page 11 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

The Statement of Financial activities has decreased in value by £7,995 during the year, (£16,603 gain in 2023/24). This small decrease is primarily due to unrealised investment income valuations as at the 31st March.

Income is principally comprised of investment income of £219,160 which is broadly consistent with the returns of £226,373 generated in 2023/24. The Charity has utilised the Trustee's own investment managers to manage the other individual market investments, thus, controlling management fees and therefore maximising returns whilst at the same time maintaining a balanced capital risk strategy.

Resources expended during the year amounted to £208,961 (£293,488 in 2023/24) and principally comprised grant distribution payments of £191,153 (£267,391 in 2023/24). This decrease was due to Caerphilly and Newport Councils having spent in 2023/24, grant balances that had been brought forward from previous financial years.

Net losses on investments held amounted to £18,454 (£83,718 net gain in 2023/24). This unrealised investment loss was due to the fact that some of our investment fund managers withdrew charity investment funds from the investment markets due to low demand from the charity sector. Also, uncertainty in the financial markets led to a cautious economic outlook. This therefore impacted on the financial markets through the year. The 'Trusts' current investment strategy of diversifying the portfolio across several investment categories has enabled a certain degree of stability amid the volatility in the financial markets. The long-term projections on these charity fund investments as indicated by the Trustees' Treasury consultants continue to offer a balanced risk portfolio between income generation and asset growth.

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Charity about the future or that are otherwise uncertain. Estimates have been made considering historical experience, current trends, and other relevant

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Charity's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

The revaluation of investment property and property funds

Valuation techniques are used to determine the carrying amount of pooled property funds and investment property. Investment assets have been revalued as at the 31st March 2025 reporting date.

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams.

Income generation

The Charity's investment income was £219,160 compared to £226,373 in 2023/24. The diverse external pooled fund investment strategy that replaced the pooled investment strategy with Monmouthshire County Council has continued to produce consistent returns in the financial markets due to investment in a few specific charitable investment funds as well as income generation funds. This income generation forms the main basis of the following years grant allocations to ensure continuity and non-degradation of the funds capital assets and to perpetuate the charity as a 'going concern.'

Bad debt provision

There are no bad debts arising in the year of account.

Investment powers, policy, and performance

Under the terms of the Trust Deed, the Trustee has general powers of investment, subject to the provisions of The Trustee Act 2000. The investment policy of the Trust is to maximise the rate of investment return, whilst employing a risk strategy that minimises any potential reduction in the capital value of the Fund.

The Trustee reviewed its investment strategy and produced an investment and fund strategy for 2024/25, which was approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on 5th March 2024.

Financial market investments have been restated at the financial year-end to reflect their current open market value.

Changes in fixed assets

The fixed asset investments were re-valued in the 2024/25 financial year in line with the Investment Asset policy of revaluation every year.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2025

Reserves

The Trustee's policy is to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure. The level of funds held at 31st March 2025 is £5,209,899 (£5,217,894 in 2023/24). The Trustee reviewed its Fund strategy and produced an investment and fund strategy for 2024/25, which stated that the purpose of reserves is to maintain investments such that they realise sufficient income to provide grants to organisations at a consistent level. Whilst the strategy is to ensure that there is no long-term detrimental effect on overall reserve balances, recommendations made by the Charity Commission has resulted in grants allocations being made in line with investment returns.

Governance of the Charity

Representative Councillors from each of the five administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen, and Newport are appointed by their respective councils annually to form a committee to oversee fund management. Members are appointed to the committee for the term of the Council.

Risk management

The Trustee has undertaken a review of the major risks to which the Charity is exposed, and its risk management and internal control procedures should be updated to ensure that systems are in place to mitigate the risks identified. The risk assessment was considered by Monmouthshire County Council on 5th March 2024 and activity during the financial year was carried out with regard to this assessment.

Auditors

The Auditor General for Wales was appointed as auditor to the Welsh Church Act Fund in 2007/08. Given their role as statutory auditors for Monmouthshire County Council, it is considered administratively efficient and cost effective to maintain the Auditor General for Wales as the auditor of the Welsh Church Act Fund.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and its financial activities for that period.

In preparing those financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

The Trustee confirms that it has complied with the above requirements in preparing the financial statements.

The Trustee is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure that the financial statements comply with the Charities Act 1993. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee certifies that:

- as far as it is aware, there is no relevant information of which the Charity's auditors are unaware; and
- as Trustee of the Charity, it has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

By order of the Trustee

**Mr Peter Davies
Deputy Chief Executive & Strategic Director - Resources
S151 Officer - Monmouthshire County Council**

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

**The independent auditor's report of the Auditor General for Wales to the trustees of
Monmouthshire County Council Welsh Church Act Fund**

Opinion on financial statements

I have audited the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2025 under the Charities Act 2011.

The financial statements comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2025 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustees are responsible for the other information contained within the annual report. My opinion on the financial statements does

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit;
- sufficient accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the financial statements is inconsistent in any material respect with the trustee's report.

Responsibilities of the trustees for the financial statements

As explained more fully in the statement of trustee's responsibilities set out on page 18, the trustees are responsible for:

- maintaining sufficient accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the trustees determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees anticipate that the services provided by the charity will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Monmouthshire County Council Welsh Church Act Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: posting of unusual journals;
- Obtaining an understanding of Monmouthshire County Council Welsh Church Act Fund's framework of authority as well as other legal and regulatory frameworks that the Monmouthshire County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Monmouthshire County Council Welsh Church Act Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Monmouthshire County Council Welsh Church Act Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

is located on the Financial Reporting Council's website
www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Adrian Crompton
Auditor General for Wales
29 January 2026

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

**Statement of financial activities (Sofa) for the year ended 31
March 2025**

| | Notes | 2024/25 Unrestricted Funds £ | 2023/24 Unrestricted Funds £ |
|--|-------|---------------------------------------|---------------------------------------|
| Income & Endowments from: | | | |
| Investment income | 2 | 219,160 | 226,373 |
| Other incoming resources | | 260 | 0 |
| Total income & Endowments | | 219,420 | 226,373 |
| Resources Expended | | | |
| Raising funds: | | | |
| Investment Property Professional fees | | (367) | (570) |
| Management and administration | | (6,611) | (14,637) |
| | | (6,978) | (15,207) |
| Charitable expenditure | | | |
| Costs of activities in furtherance of the Charity's objects | | | |
| Grants payable | 3,4 | (191,153) | (267,391) |
| Management and administration | | (2,695) | (2,620) |
| Other | | | |
| Governance Costs | 5 | (8,135) | (8,270) |
| Total Resources Expended | | (208,961) | (293,488) |
| Gains/(losses) on investment assets | | (18,454) | 83,718 |
| | 9,10 | | |
| Net Income /(Expenditure) | | (7,995) | 16,603 |
| Net movement in funds | | | |
| Fund balances brought forward April 2024 | | 5,217,894 | 5,201,291 |
| Fund balances carried forward 31 March 2025 | 13 | 5,209,899 | 5,217,894 |

All incoming resources and resources expended are derived from continuing activities.
There are no recognised gains or losses other than those disclosed above.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

Balance Sheet as at 31 March 2025

| | Notes | 2024/25 Total Funds £ | 2023/24 Total Funds £ |
|---|-------|--------------------------------|--------------------------------|
| Fixed assets | | | |
| Investment Land | 9 | 488,365 | 493,000 |
| Investments | 10 | 4,551,097 | 4,720,791 |
| | | 5,039,462 | 5,213,791 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 65,186 | 52,295 |
| Cash at bank | 8 | 287,249 | 225,434 |
| | | 352,435 | 277,729 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 12 | (181,997) | (273,626) |
| Net current assets or liabilities | | 170,438 | 4,103 |
| Net assets or liabilities | | | |
| | | 5,209,899 | 5,217,894 |
| The Funds of the Charity: OBJ | | | |
| Unrestricted Funds | 13 | 5,209,899 | 5,217,894 |
| Total Charity funds | | 5,209,899 | 5,217,894 |

These accounts were approved by the Trustee on 28th January 2026 and signed on their behalf by:

By order of the Trustee

**Mr Peter Davies
Deputy Chief Executive & Strategic Director - Resources
S151 Officer - Monmouthshire County Council**

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

Statement of Cash flows as at 31 March 2025

| | Total Funds £ | Prior Year Funds £ |
|---|---------------------|--------------------------|
| Cash flows from operating activities | | |
| <i>Net cash provided by operating activities 'Note 7'</i> | (313,221) | (229,397) |
| <hr/> | | |
| Cash flow from investing activities | | |
| Dividends and rents from investments | 219,160 | 226,373 |
| Proceeds from sale of investments | 655,876 | 0 |
| Purchase of investments | (500,000) | 0 |
| <hr/> | | |
| <i>Change in cash and cash equivalents in the reporting period</i> | 61,815 | (3,024) |
| Cash and cash equivalents at the beginning of the reporting period | 225,434 | 228,458 |
| <hr/> | | |
| <i>Cash and cash equivalents at the end of the reporting period</i> | 287,249 | 225,434 |
| <hr/> | | |

Notes to the financial statements for the year ended 31 March 2025

1 Principal accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 1st January 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the inclusion of investments and tangible fixed assets at market value. During the year, the Charity reviewed its accounting policies in accordance with FRS 102 'Accounting Policies'. No accounting policies have been changed as a result.

Incoming Resources

All income is accounted for on an accrual's basis.

Cash Balances

Cash is sums of money available for immediate use by the Welsh Church Fund. Such items are deemed to be cash balances held in the Fund's bank accounts (less unrepresented cheques). The Welsh Church Fund does not hold Cash in Hand.

Resources expended

All expenditure is accounted for on an accrual's basis. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Grants payable

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustee and accepted by the beneficiaries.

Management and administration

Management and administration costs include expenditure on administration of the Charity and, an appropriate apportionment of overheads based upon a time allocation.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2025

Governance Costs

Governance costs comprise costs involving the compliance with constitutional and statutory requirements. These costs relate to audit fees payable to the appointed external auditor.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Debtors/ Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Fund accounting

Funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Investment Land and Property

Capitalisation, Replacement and Valuation

The Trust's policy is to revalue its Investment land on an annual basis in line with the Charities SORP. Valuations will also be undertaken where identified that there have been material movements between formal valuations, as holdings are Investment Land not tangible fixed assets.

All land Investments were valued internally by a qualified land surveyor as at 31st March 2025 and all assets held at year-end are included in the accounts at that valuation date. Vacant properties are valued at open market value.

Depreciation

Land is not depreciated. The Fund currently has no buildings on the fixed asset register.

Investments

Any realised and unrealised gains and losses on revaluation or disposals of investments are included in the statement of financial activities. The Authority is authorised to invest any surplus income or dispose of any investments when it deems appropriate. Investments are strategically placed in external pooled fund investment funds specifically designed for charitable organisations. The basis of valuation on the market-based investments held with CCLA, M&G, AEGON and Schroder's, is the open market value of the unit holdings on the 31st of March 2025 multiplied by the units held. Investment performance is reviewed periodically in light of prevailing economic changes. The 2024 Treasury Stock 2024 was redeemed during the year as it had

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

reached its maturity date. UBS has withdrawn the Multi Asset Income fund from the investment market a was therefore redeemed during the financial year and re-invested with AEGON. The value of the ‘pooled’ investment with Monmouthshire County Council is the cash value as at the 31st of March 2025.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Cash flow statement

The Charity has produced a cash flow statement under Financial Reporting Standard 102 under section 7 on the basis that it meets the relevant conditions and size criteria specified in the Companies Act.1985.

2 Investment income

| | 2025 | 2024 |
|---|----------------|---------|
| | £ | £ |
| Investments with Monmouthshire County Council | 29,907 | 21,112 |
| Investment Property Rental Income | 4,138 | 4,138 |
| External Investments | 185,115 | 201,123 |
| | 219,160 | 226,373 |

3 Grants Payable

| | 2025 | 2024 |
|--|----------------|---------|
| | £ | £ |
| Grants have been paid to the following administering Local Authorities for them to make to groups and individuals on behalf of the Fund: | | |
| Monmouthshire County Council | 33,200 | 19,789 |
| Torfaen County Borough Council | 50,668 | 37,055 |
| Newport City Council | 20,947 | 71,394 |
| Blaenau Gwent County Borough Council | 23,796 | 23,052 |
| Caerphilly County Borough Council | 62,542 | 116,101 |
| | 191,153 | 267,391 |

The management and administration cost of the fund and grants distributed were £9,306 during the year.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

4 Analysis of Grants

| | Grants to Organisations £ | Grants to Individuals £ |
|--|---------------------------------|-------------------------------|
| The Advancement of Education | 0 | 3,000 |
| The Advancement of Religion | 74,602 | 0 |
| The Relief of Poverty | 0 | 50,667 |
| Other Purposes Beneficial to the Community | 62,884 | 0 |
| Total | 137,485 | 53,667 |

Unspent balances are retained for distribution in subsequent financial years. Grants to Churches and other religious establishments totaled £74,602 and Community Organisations £62,884 respectively during the financial year. Grants of essential equipment and furnishings to the value of £50,667 were allocated to individuals for the relief of families deemed to be in poverty. No organization or individual received more than one grant award during 2024/25.

5 Governance Costs

| | 2025 £ | 2024 £ |
|------------------------|--------------|--------------|
| Auditor's remuneration | 8,135 | 8,270 |
| | 8,135 | 8,270 |

No indemnity insurance for Trustee's liability has been purchased by the Charity however the Fund is covered by Monmouthshire County Councils' fidelity guarantee insurance. Insurance covers financial losses incurred, as a result of fraudulent acts conducted by Authority employees but does not cover the Trustee for any wrong decisions that may have been made.

6 Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Charity is not separately registered for VAT because it falls within the Local Authority's VAT Registration as corporate trustee and accordingly, all their expenditure is recorded exclusive of any VAT incurred.

7 Reconciliation of net income/ (expenditure) to net cash flow from operating activities as at 31 March 2025

| | Current Year £ | Prior Year £ |
|---|-------------------|-----------------|
| <i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i> | (7,995) | 16,603 |
| Adjustments for non-cash transactions | | |
| (Gains) / losses on investments | 18,454 | (83,718) |
| Dividends, Interest & Rents from investments | (219,160) | (226,373) |
| (Increase) / decrease in debtors / bad debts | (12,891) | (5,135) |
| Increase / (decrease) in creditors | (91,628) | 69,226 |
| Net cash provided and (used in) operating activities | (313,221) | (229,397) |

8 Analysis of cash and cash equivalents as at 31 March 2025

| | Current Year £ | In Year Movement £ | Prior Year £ |
|--|-------------------|-----------------------|-----------------|
| Cash at bank | 287,249 | 61,815 | 225,434 |
| Total cash and cash equivalents | 287,249 | 61,815 | 225,434 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

9 Investment Land and Property

| | Total £ |
|-------------------------|--------------------|
| Valuation | |
| At 1 April 2024 | 493,000 |
| Disposals | 0 |
| Revaluation | (4,635) |
| At 31 March 2025 | 488,365 |
| Depreciation | |
| At 1 April 2024 | 0 |
| Charge in year | 0 |
| Disposals | 0 |
| At 31 March 2025 | 0 |
| Net book Value | |
| At 1 April 2024 | 493,000 |
| At 31 March 2025 | 488,365 |

Tangible Investment assets solely consist of freehold land. Valuations were conducted in accordance with the valuation policy in the 2024/25 financial year and thereafter on an annual rolling basis.

10 Investments

| | 2025 £ | 2024 £ |
|--|-------------------|-----------|
| CCLA - COIF Property Fund | 925,421 | 906,388 |
| UBS Multi Asset Income Fund | 0 | 532,736 |
| M&G Charibond Fund | 602,303 | 617,340 |
| Schroders Income Maximiser | 386,075 | 361,322 |
| M&G Charifund | 528,307 | 506,657 |
| CCLA - COIF Investment Fund | 1,315,413 | 1,379,696 |
| AEGON | 493,578 | 0 |
| Treasury Stock 2024 2.5% | 0 | 116,652 |
| Invested with Monmouthshire County Council | 300,000 | 300,000 |
| | 4,551,097 | 4,720,791 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

The Trust has externally managed investments held with UBS, M&G, AEGON, Schroeder's, CCLA, and HM Treasury. The investment with Monmouthshire County Council is managed by the Authority's treasury management team, aided by their appointed external treasury management advisors. Returns from Monmouthshire County Council are generated on a "pooled" basis. The average rate of interest generated was 4.94% for 2024/25 (4.84% for 2023/24). [

There were no additions or disposals of investments during the financial year. None of the Investments are held outside of the territorial limits of the United Kingdom and the cost of the revaluations is contained within the charity management fee charged annually from Monmouthshire County Council.

11 Debtors

| | 2025 £ | 2024 £ |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| <i>Prepayment & accrued income</i> | | |
| Investment Income | 65,186 | 52,295 |
| Other Debtors | 0 | 0 |
| MCC Bank Transfer | 0 | 0 |
| <i>Trade debtors</i> | | |
| Rental income | 0 | 0 |
| Bad debt provision for loss of rental income | 0 | 0 |
| <i>Other Debtors</i> | | |
| HM Revenue and Customs | 0 | 0 |
| Other Debtors | 0 | 0 |
| | 65,186 | 52,295 |

All investment interest due from the trustee was paid in year in 2024/25.

12 Creditors

| | 2025 £ | 2024 £ |
|--|----------------|----------------|
| Amounts falling due within one year | | |
| Grant creditors | 164,753 | 254,602 |
| Other creditors | 17,244 | 19,024 |
| | 181,997 | 273,626 |

Grant creditors are recognised as the amounts awarded by the five constituent authorities of the Welsh Church Fund unpaid at the financial year-end. Other creditors are fees reimbursable for professional services utilised during the financial year by the Charity.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2025**

13 Funds

| | Balance 1 April 2024 | Incoming Resources resources | Expended | Other Unrealised Gain / (Loss) | Balance 31 March 2025 |
|--------------------|----------------------------|---------------------------------|-----------|--------------------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | 5,217,894 | 219,420 | (208,961) | (18,454) | 5,209,899 |

14 Related party transactions

During the year transactions with related parties arose as follows:

| | 2025 | | 2024 | |
|------------------------------|---------------|---------------|---------------|---------------|
| | Receipts £ | Payments £ | Receipts £ | Payments £ |
| Monmouthshire County Council | 29,908 | 7,294 | 21,112 | 13,374 |

Members of Monmouthshire County Council ('The Trustee') have direct control over the Welsh Church Fund's financial and operating policies. Where work or services have been commissioned, or where grants were made during the financial year in which members had an interest, members have a duty to declare such an interest. The Welsh Church Fund must ensure that grants allocated were in full compliance with the Authority's standing orders and that grants were made with proper consideration of declarations of such interests.

During the financial year, members who declared an interest did not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in minutes or relevant meetings and recorded in the Register of Members' Interest, open to public inspection at County Hall, Usk.

There are outstanding balances for expenditure of £4,238 with Monmouthshire County Council. The Trust also held a £300,000 investment fund balance with Monmouthshire County Council at the year-end.

15 Trustee's Expenses, Remuneration and Benefits

No Expenses, Remuneration or Benefits were incurred during the year of account

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Audit of Accounts Report – The Monmouthshire County Council Welsh Church Act Fund

Audit year: 2024-25

Date issued: January 2026

Document reference: 5190A2026



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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of the 2024-25 annual accounts. My team have already discussed these findings with officers.

My team have substantially completed the audit work as set out in my Audit Plan dated November 2025.

Since my Audit Plan, I have not identified any new audit risks. My response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared and give a true and fair view, in all material aspects. My proposed audit opinion and basis for it is outlined on page 8.

It is the responsibility of the those charged with governance to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of the Monmouthshire County Council Welsh Church Act Fund for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We intend to issue an **unqualified opinion** on the accounts.

See [Appendix 3](#)



There are no **other significant matters** to report.



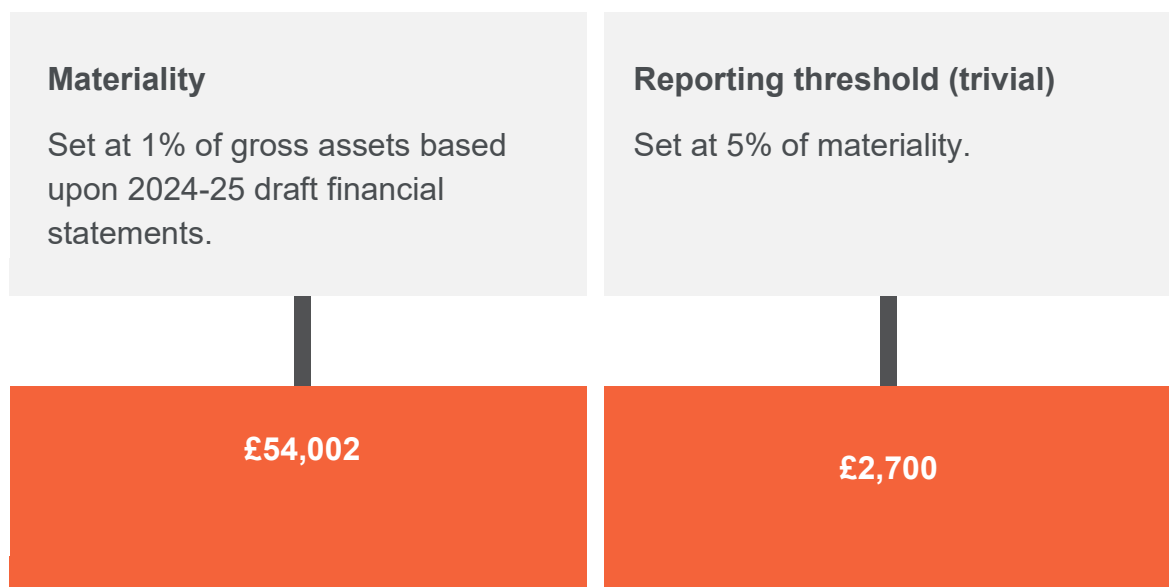
There are no **uncorrected misstatements** in the accounts which we wish to draw to your attention.



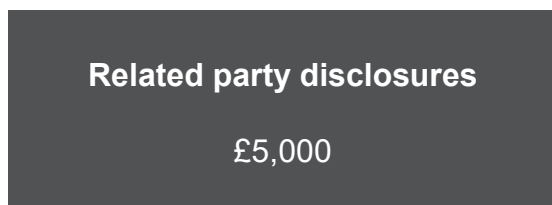
We are aiming to certify your accounts on **29 January 2026**, which is ahead of the deadline of 31 January 2026.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:



Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management. These were not material and are set out in **Appendix 2**.

There are no uncorrected misstatements.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of the Monmouthshire County Council Welsh Church Act Fund's financial reporting process.

There were no such issues identified during the audit.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4** the contents of which are in line with our standard request for representations.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: my local audit team

| | |
|-----------------------|--|
| Audit Director | Gareth Lucey Gareth.lucey@audit.wales |
| Audit Manager | Steve Wyndham Steve.wyndham@audit.wales |
| Audit Lead | Elinor Hallett Elinor.hallett@audit.wales |

Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

Appendix 1 – Audit risks and outcomes

Exhibit 1 lists the audit risks included within my Audit Plan and sets out how they were addressed as part of the audit.

My Audit Plan set out the risks of material misstatement for the audit of the Monmouthshire County Council Welsh Church Act Fund accounts. **Exhibit 1** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 1: audit risks reported previously, work done and outcome

| Audit risk | Work done | Outcome |
|--|---|--|
| Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk. | The audit team: <ul style="list-style-type: none">• tested the appropriateness of journal entries and other adjustments made in preparing the financial statements;• reviewed accounting estimates for bias; and• evaluated the rationale for any significant transactions outside the normal course of business. | My audit work did not identify any instances of management override of controls. |

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates and are subject to a high degree of subjectivity.

There is a risk that the carrying value of assets recognised in the accounts could be materially different to the current value of assets as at 31 March 2025.

The audit team have:

- evaluated the competence and objectivity of the professional valuer; and
- tested a sample of assets revalued in the year.

Our testing of this area was satisfactory and no issues were identified.

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management.

| Value of correction | Accounts area | Explanation |
|----------------------------|---|--|
| £8,347 | Note 10 Investments | Our audit has identified overstatements of £5,978 in the 'AEGON' holding and £2,369 in the 'Schroders income maximiser' holding. These misstatements arose from inaccuracies in the recorded number of units held and the unit prices applied. |
| Various | Some minor amendments were made to the financial statements relating to revisions to disclosures, narrative changes, casting errors or typos. | Our audit has identified some minor financial, narrative and presentational amendments which have now been corrected. |

Appendix 3 – Proposed audit report

The independent auditor’s report of the Auditor General for Wales to the trustees of Monmouthshire County Council Welsh Church Act Fund

Opinion on financial statements

I have audited the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2025 under the Charities Act 2011.

The financial statements comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2025 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 ‘Audit of financial statements and regularity of public sector bodies in the United Kingdom’. My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustees are responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit;
- sufficient accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or

- the information given in the financial statements is inconsistent in any material respect with the trustee's report.

Responsibilities of the trustees for the financial statements

As explained more fully in the statement of trustee's responsibilities set out on page 18, the trustees are responsible for:

- maintaining sufficient accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the trustees determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees anticipate that the services provided by the charity will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Monmouthshire County Council Welsh Church Act Fund's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: posting of unusual journals;
- Obtaining an understanding of Monmouthshire County Council Welsh Church Act Fund's framework of authority as well as other legal and regulatory frameworks that the Monmouthshire County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Monmouthshire County Council Welsh Church Act Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Monmouthshire County Council Welsh Church Act Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Adrian Crompton
Auditor General for Wales
29 January 2026

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Appendix 4 – Letter of representation

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

28 January 2026

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Charities SORP 2015; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Monmouthshire County Council Welsh Church Act Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware;

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

Representations by the Trustees

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Trustee on 28 January 2026.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Deputy Chief Executive & Strategic Director
- Resources

Chair of the Governance and Audit
Committee

Date: 28 January 2026

Date: 28 January 2026

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends.



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



Audit Wales

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E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



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Monmouthshire Farm School Endowment Trust Fund

Annual report for the year ended 31 March 2025

Registered Charity Number: 525649

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025**

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| Independent examiner's report | 5 |
| Statement of financial activities | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 |

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

Trustees, officers and advisers

Trustees

P Murphy
Monmouthshire County Council

D W H Jones
Monmouthshire County Council

M Cross
Blaenau Gwent County Borough Council

Dr W O C Symondson
University of Wales College Cardiff

R Clark
Torfaen County Borough Council

M Groucutt
Monmouthshire County Council

J McKenna
Monmouthshire County Council

J Crook
Monmouthshire County Council
(started in year)

L Wright
Monmouthshire County Council

P James
University College Wales Aberystwyth

H Morgan
Director Usk Campus – Coleg Gwent

C. Andrews
Caerphilly County Borough Council

Investment custodian
Monmouthshire County Council

Bankers
Barclays Bank
1-5 St David's Way
St David's Centre
Cardiff
CF10 2DP

Solicitors
James Williams
Monitoring Officer
Monmouthshire County Council

Secretary
James Williams
Monitoring Officer
Monmouthshire County Council

Registered Office
County Hall, The Rhadyr, Usk, NP15 1GA

Independent Examiners
Audit Wales, 1 Capital Quarter, Tyndall Street Cardiff
CF10 4BZ

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2025

Report of the Trustees for the year ended 31st March 2025

The Trustees present their annual report and the independently examined financial statements for the year ended 31st March 2025 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisers set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Ireland (FRS102) issued on 16th July 2014 and Charity Act 2011. The financial statements comply with the Charity's trust deed.

Status and administration

The Charity is governed by the 1959 Principal Scheme as amended by the Altering Scheme of 1971, although the governing body may rightly claim a history stretching back to 1894. The Fund is registered with the Charity Commission under Charity number 525649. The Trustees also have regard to the Charity Commission's guidance on public benefit.

Objects

The primary object of the Charity, as stated in its governing document, is to make awards to students in need of assistance to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects. The governing body can use its discretion to apply any unawarded income to provide funding towards the cost of facilities or amenities at Usk College which would benefit these students. The grants awarded have allowed the beneficiaries to pursue land based courses to enhance career opportunities. The area of benefit is clearly defined; household income is a consideration when making the award. The total grant awards were £7,474 (£5,178 in 2023/24).

Review of activities and future developments

The statement of financial activities for the year is set out on page 5 of the financial statements. A summary of the financial results and the work of the Charity is set out below.

The Fund has increased in value by £29,204 (£11,339 increase in 2023/24) over the financial year as a result of gains on unrealised investments.

Income consists of dividends and interest from investments and cash held of £38,157 (£29,876 in 2023/24), and £512 (£465 2023/24) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £10,017 (£9,007 in 2023/24) primarily comprised grants payable of £7,474 (£5,178 in 2023/24) in line with the Charity's objects. An unrealised investment gain of £552 (£9,995 loss in 2023/24) was made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries. This income generation forms the main basis of the following year's grant allocations to ensure continuity and non-degradation of the fund's capital assets and to perpetuate the Charity as a going concern.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustees have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustees have reviewed their investment strategy and produced an investment and fund strategy for 2024/25 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 6th March 2024. Investments are strategically placed in low-risk investments. Investment performance is reviewed periodically in light of prevailing economic changes.

Grant making policy

Grants are made in pursuance of the Charity's objectives in assisting students in need to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects.

Changes in fixed assets

The movements in fixed asset investments during the year are set out in note 7 to the financial statements.

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2025

Reserves

The Fund consists primarily of the sale proceeds of the Former Monmouthshire Farm School by the governing body of the school to Monmouthshire County Council. The Fund is entitled to receive an annual payment from The Roger Edwards Educational Trust (Charity Number 525638) equivalent to two thirds of the net annual investment and rental income accrued to the Trust.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2024/25 which states that it is the Trust's policy to maintain funds at approximately the current level and utilise the annual income received to fund its charitable expenditure. This was approved by Monmouthshire's full Council on the 6th March 2024.

Governance of the Charity

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (five years); the other representative Trustees have a term of office of three years, and the co-opted Trustees have a term of office of five years. County Council Trustees are elected to the board of Trustees. Trustees that represent other organisations are internally appointed. The Trustees are listed on page 1.

Risk management

Monmouthshire County Council as appointed administrator of the Trust Fund periodically reviews the major risks to which the Charity is exposed as part of the Authority's overall risk management processes. The Roger Edwards Educational Trust has historically provided significant income to this trust to be used for the distribution of grants. This income is received after the independent examination of the accounts and therefore this is usually late in the financial year. A risk assessment policy was approved by Monmouthshire's full Council on 6th March 2024.

Independent examiners

Audit Wales are the appointed independent examiners to the Charity.

Trustees' responsibilities

The Trustees are required by Charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the net incoming/outgoing resources of the Charity as at the end of the financial year.

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2025. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Trustees

Trustee:

Date:

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

Report of the independent examiner to the Trustees of
Monmouthshire Farm School Endowment Trust Fund

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31 March 2025.

Responsibilities and basis of report

As the charity's Trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's accounts as carried out under section 150(3) of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Adrian Crompton
Auditor General for Wales
XX January 2026

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

Statement of financial activities (Sofa) for the year ended 31st March 2025

| | Notes | 2025 Unrestricted Funds £ | 2024 Unrestricted Funds £ |
|---|-------|------------------------------------|------------------------------------|
| Income & Endowments from: | | | |
| Investment income | 2 | 38,157 | 29,876 |
| Income from Roger Edwards Educational Trust | | 512 | 465 |
| Total income & Endowments | | 38,669 | 30,341 |
| Resources Expended | | | |
| Charitable expenditure | | | |
| Costs of activities in furtherance of the Charity's objects | | | |
| Expenditure on charitable activities | 3 | (7,474) | (5,178) |
| Other expenditure | 3 & 4 | (2,543) | (3,829) |
| Total Resources expended | | (10,017) | (9,007) |
| Gains / (Losses) on investment assets | 5 | 552 | (9,995) |
| Net Income / (Expenditure) | | 29,204 | 11,339 |
| Net movement in funds | | | |
| Fund balances brought forward 1 April 2024 | | 633,988 | 622,649 |
| Fund balances carried forward 31 March 2025 | | 663,192 | 633,988 |

All incoming resources and resources expended are derived from continuing activities. There are no recognised gains or losses other than those disclosed above.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

Balance Sheet as at 31 March 2025

| | Notes | 2025 Unrestricted Funds £ | 2024 Unrestricted Funds £ |
|--|-------|------------------------------------|------------------------------------|
| Fixed assets | | | |
| Investments | 7 | 551,312 | 550,760 |
| | | 551,312 | 550,760 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 10,255 | 2,620 |
| Cash at bank and in hand | | 103,843 | 82,831 |
| | | 114,098 | 85,451 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 9 | (2,218) | (2,223) |
| Net current assets | | 111,880 | 82,228 |
| Net assets | | 663,192 | 633,988 |
| The Funds of the Charity: | | | |
| Unrestricted Funds | 10 | 663,192 | 633,988 |
| Total Charity funds | | 663,192 | 633,988 |

The draft financial statements were approved for release by the Trustees on 14th July 2025 and signed on their behalf by:

Trustee:

Date:

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025**

**Notes to the financial statements for the year ended 31st March
2025**

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16th July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) and Charity Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102. The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Incoming Resources

All income received is accounted for on a receivable basis and has been classified under the appropriate categories. The income from the Roger Edwards Educational Trust is an estimate of the income to be received for the year.

Grants payable

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustees and accepted by the beneficiaries.

Management and administration

Monmouthshire County Council administer the Trust Fund on behalf of the Trustees. Management and administration costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of support service recharges and overhead apportionments. The basis of the apportionment is a fixed fee agreed with the Trustees of £200 per year.

Debtors/ Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Investment income and gains are allocated to the appropriate fund.

Investments

Investments are included at market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2025

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Trust's Balance Sheet at 31st March 2025 for which there is a significant risk of adjustment in the forthcoming financial year are as follows:

The revaluation of investment property and property funds

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled property funds and investment property is less reliable than usual. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams.

Cash flow Statement

The Charity has taken exemption from preparing a cash flow under Charities SORP FRS 102 Update Bulletin 1.

2 Income from Investments

| | 2025 | 2024 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Interest on cash balances | 0 | 0 |
| Income from Investments | 38,157 | 29,876 |
| | 38,157 | 29,876 |

3 Expenditure on Charitable Activities

| | 2025 | 2024 |
|-----------------------------|-----------------|----------------|
| | £ | £ |
| Grants payable | (7,474) | (5,178) |
| Management & administration | (2,543) | (3,829) |
| | (10,017) | (9,007) |

Grants payable comprise numerous payments to individual students in respect of full-time and part-time courses attended. It is not possible to provide further details due to restrictions of confidentiality.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

4 Governance Costs

| | 2025 | 2024 |
|--|----------------|----------------|
| | £ | £ |
| Net incoming resources is stated after charging: | | |
| Independent Examiner's remuneration | (2,018) | (2,016) |
| | (2,018) | (2,016) |

No indemnity insurance for Trustees liability has been purchased by the Charity. Though no specific indemnity insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Council's fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustees for any wrong decisions that may have been made. Governance costs have remained the same during the year as a result of the Public Audit Wales Act and in particular the duty placed on Audit Wales to ensure full cost recovery in its audit fees. The audit fee is included in the management and administration expenditure as per note 3.

5 Gains and losses on revaluation and disposal of investment assets

| | Market Value 2024 | Market Value 2025 | Gain/(Loss) |
|------------------------------|----------------------|----------------------|-------------|
| | £ | £ | £ |
| M&G Charibond | 210,355 | 205,232 | (5,123) |
| UBS Multi-Asset Income Fund | 143,019 | 144,531 | 1,511 |
| COIF Charities Property Fund | 197,386 | 201,550 | 4,165 |
| Total | 550,760 | 551,313 | 552 |

6 Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Charity falls with Monmouthshire County Council regulations for VAT, and therefore any liability is accounted for within Monmouthshire County Council.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

7 Fixed asset investments

| | Total |
|-----------------------------------|----------------|
| | £ |
| Valuation at 1 April 2024 | 550,760 |
| Purchase | 0 |
| Net revaluation gain | 552 |
| Valuation at 31 March 2025 | 551,312 |

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2025. The historical cost of the investments at 31st March 2025 was £639,000. All of the Charity's investments are quoted in the UK. The details of these are disclosed in the table below, being Charibond, COIF and OEIC Fund.

Investments with a market value greater than 5% of the total portfolio market value at 31st March 2025 are as follows:

| | £ | % |
|------------------------------|----------|----------|
| COIF Charities Property Fund | 201,550 | 37% |
| M&G Charibond | 205,232 | 37% |
| UBS Multi-Asset Income Fund | 144,530 | 26% |

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2025.

8 Debtors

| | 2025 | 2024 |
|--|---------------|-------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Roger Edwards Educational Trust | 512 | 464 |
| Other | 9,743 | 2,154 |
| | 10,255 | 2,619 |

9 Creditors

| | 2025 | 2024 |
|--|----------------|-------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Accruals and deferred income | (2,218) | (2,223) |
| | (2,218) | (2,223) |

The amounts owed relate to audit fees and payments to Monmouthshire County Council to administer the trust.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2025

10 Unrestricted Funds

| | Balance 1 April 2024 | Incoming resources | Resources Expended | Investment Gain/(Loss) | Balance 31 March 2025 |
|-------------------------|----------------------------|-----------------------|-----------------------|---------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Permanent endowed funds | 633,988 | 38,669 | (10,017) | 552 | 663,192 |

11 Related party transactions

No remuneration directly or indirectly out of the funds of the Charity was paid or payable for the year to any Trustees. Payments have been made to Monmouthshire County Council respect of management and administration expenses.

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Independent Examination Report – the Monmouthshire Farm School Endowment Trust Fund

Examination year: 2024-25

Date issued: January 2026

Document reference: 5159A2025

This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

We intend to issue an unqualified examiners' report on your accounts. There are some matters to report to you prior to their approval.

Independent Examination Report

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Independent examination report

Introduction

- 1 The charity's Trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011 (the Act) and have considered that this year under section 144(2) of the Act an independent examination is needed of them.
- 2 We are responsible for providing an independent examiners' report on the Monmouthshire Farm School Endowment Trust Fund (the Fund) financial statements as at 31 March 2025. An independent examination involves reviewing whether the charity has, in all material respects:
 - maintained accounting records in accordance with Section 130 of the Act; and
 - prepared accounts which accord with the accounting records and comply with the accounting requirements of the Act.
- 3 We are also required to report to you any matter that, in our opinion, attention should be drawn to enable a proper understanding of the accounts to be reached prior to the accounts being approved by the trustees. Where this is the case our team has already discussed these issues with officers.
- 4 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed examiners' report

- 5 We intend to issue an unqualified examiners' report on this year's accounts. Our proposed report is set out in **Appendix 1**.

Issues arising from the examination

Uncorrected misstatements

6 There are no misstatements identified in the accounts which remain uncorrected.

Corrected misstatements

7 There were some minor financial, narrative or presentation detail errors. There are no further misstatements arising from our examination which we need to bring to your attention.

Appendix 1

Proposed examiners' report

Report of the independent examiner to the Trustees of Monmouthshire Farm School Endowment Trust Fund

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31 March 2025.

Responsibilities and basis of report

As the charity's Trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's accounts as carried out under section 150(3) of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Adrian Crompton
Auditor General for Wales
XX January 2026

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ



Audit Wales

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| | |
|---------------------------------|--|
| SUBJECT | Audit Wales Work Programme: Council Progress Update |
| MEETING: | Governance and Audit Committee |
| DATE: | 28th January 2026 |
| DIVISION/WARDS AFFECTED: | All |

1. PURPOSE

- 1.1 To provide the committee with an update on the council's progress against the Audit Wales Work Programme up to January 2026 so that the committee can assure itself of the progress of the council's response.

2. RECOMMENDATIONS

- 2.1 That members scrutinise the council's response to the Audit Wales work programme, seeking assurance that adequate progress is being made.
- 2.2 That members refer any issues contained within Audit Wales national studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

3. KEY ISSUES

- 3.1 Each year, Audit Wales produces an Audit Plan, which sets out the work they intend to undertake to discharge their duties, and this is presented to Governance and Audit Committee upon publication. The performance audit work programme set by Audit Wales focusses on discharging duties in relation to value for money and sustainable development:
- Value for money - The Council has to put in place arrangements to get value for money for the resources it uses.
 - Sustainable development principle - The Council needs to comply with the sustainable development principle when setting and taking steps to meet its well-being objectives.
- 3.2 This report provides an update on the progress being made by the council in implementing the findings of Audit Wales reviews. This includes an update on progress against existing recommendations, followed by the latest local audit work carried out since the last review, with an accompanying management response. Recommendations that require further attention are marked as 'open' – these can be found in appendix 1. Where a recommendation has been assessed as being adequately addressed, it is 'closed' and explanation why included – these can be found in appendix 3. Some of the forward-looking actions committed to by the authority are likely to be reflected within other council strategic documents such as the Community and Corporate Plan, enabling strategies, the Whole Authority Strategic Risk Assessment and the Medium-Term Financial Plan.
- 3.3 As well as local work at each council, Audit Wales carries out national studies across the local government sector to make recommendations for improving value for money, and all of these reports are published on www.audit.wales/publications. Whilst the findings of these studies are not necessarily specific to Monmouthshire County Council, those of greatest relevance are shared with the most appropriate service area to consider their findings and recommendations and to respond accordingly. Appendix 2 identifies the studies most applicable to the council since the last iteration of this report, along with a management response outlining service area's actions in response to the study.

- 3.4 Governance and Audit Committee has a role in ensuring the council is responding to the findings from national studies and can also refer them to another scrutiny committee if they feel the report requires further in-depth consideration beyond the response already provided by the service area. The committee may also refer issues to Democratic Services Committee.
- 3.5 The council works closely with regulators and inspectors to quality-assure activities as this is vital to ensuring improvement. Their feedback is valued, and their assessments are used to help us focus on the things we need to improve. Their findings informed the council's own self-assessment of its performance in 2024/25. The Audit Wales work programme and timetable updates that are shared with the committee, provide the latest update on the work of Audit Wales, Estyn and Care Inspectorate Wales. Findings from Estyn and Care Inspectorate Wales have their own monitoring arrangements in place-
- 3.6 Audit Wales, as part of their ongoing annual audit work programme, may follow up progress in any of the open or recently closed proposal areas.

4. REASONS

To ensure the authority responds appropriately to Audit Wales recommendations to secure the improvements required.

5. RESOURCE IMPLICATIONS

Finance and any other resource implications of activity related to responses to the recommendations will need to be considered by the relevant responsibility holders.

6. CONSULTEES

Individual audit report recommendation responsible officers
Deputy Chief Executive

7. BACKGROUND PAPERS

Audit Wales Audit Plan
Audit Wales work programme and timetable update

8. AUTHORS

Hannah Carter, Performance Analyst
E-mail: hannahcarter@monmouthshire.gov.uk

Appendix 1

Open Audit Wales Proposals for Improvement

Performance Data Proposals

| Report | Audit Wales Use of Performance Information: Service User Perspective and Outcomes – March 2024 | | | | |
|-----------------------------|--|--------|---------------------------------|-----------------|------|
| Summary of findings | <p>Audit Wales sought to answer the question: Does the Council’s performance data enable senior leaders to understand the service user perspective and the outcomes of its activities to effectively manage its performance? Overall, Audit Wales found that the council provides some performance information to enable senior leaders to understand the perspective of service users, but information on outcomes is limited restricting their ability to manage performance effectively.</p> <p>The Audit Wales national report ‘Use of performance information: service user perspective and outcomes A summary of findings from our review at Welsh councils’ is available here Councils use of performance information: service user perspective and outcomes Audit Wales.</p> | | | Status | Open |
| Audit Wales Recommendations | <p>The Council should strengthen the information it provides to its senior leaders to enable them to gain a more comprehensive understanding of how well services and policies are meeting the needs of service users.</p> <p>The Council should strengthen the information provided to senior leaders to help them understand the impact of its services and evaluate whether it is delivering its long-term objectives and intended outcomes.</p> <p>The Council needs to assure itself that it has robust arrangements to check the quality and accuracy of the service user and outcomes data it provides to senior leaders</p> | | | | |
| Planned actions | Desired Result | Action | Responsible Officer & Timescale | Progress so far | |

| | | | | |
|--|--|--|---|--|
| | <p>Further develop arrangements to focus on outcome and impact measures and embed an evaluative mindset.</p> | <p>Support service managers to strengthen the use of evidence, including impact measures and those from the service user perspective, in their self-assessment of service performance within service business plans.</p> | <p>Performance & Data Insight Manager</p> <p>April 2026</p> | <p>Quality assurance was carried out on all service business plans in Q2 of 2024/25. Quality assurance of 2025-28 service business plans is currently underway. This assessed whether plans were meeting service business planning principles, including using relevant and robust performance data measures. Feedback was provided to managers, where required, on the need to improve and expand on the use of performance data within their plans.</p> <p>Guidance on identifying and using performance data within service business plans is available to all staff on the Hub. Further performance management training, including guidance on developing effective impact-based performance measures, will be developed ahead of the completion of 2026/27 plans to further support the strengthened use of service business plans.</p> |
|--|--|--|---|--|

| | | | | |
|--|---|---|--|---|
| | Strengthened arrangements to ensure quality and accuracy of data. | Conduct a data maturity assessment and use the findings to inform any further development of arrangements or targeted action we need to take to improve data accuracy, in coordination with internal audit. | Performance & Data Insight Manager September 2026 | <p>The Digital and Data Strategy was approved by Cabinet in July 2024. A commitment within this strategy is to undertake a data maturity assessment to gain a greater understanding of data knowledge and capability within the organisation.</p> <p>A full data maturity assessment has not yet been completed. Data standards for the council have been developed to improve how the Council manages data, ultimately aimed at improving data maturity. Support has been provided through the council’s system and data administrators network on ensuring the standards are consistently applied. Further specific assessment of data maturity will be undertaken through the year. The findings of this will inform targeted improvements in data arrangements, where needed.</p> |
|--|---|---|--|---|

Financial Sustainability Proposals

| | | | |
|---------------------|--|--------|------|
| Report | Audit Wales Financial Sustainability Review – October 2024 | | |
| Summary of findings | <p>Audit Wales found that the council has a clear understanding of its financial position and recognises the need to strengthen its use of data to better understand and mitigate longer-term cost pressures. It also found that the council’s reporting arrangements support clear and regular oversight of its current financial position, but reporting on the long-term impact of financial decisions is less well-developed.</p> <p>Overall they found that although the Council is developing a longer-term approach to financial planning, it is yet to identify how it will close its future funding gap. Given its low reserves levels, the Council will need to work at pace to implement its financial strategy and strengthen its financial resilience. The full report can be found here: Financial Sustainability Review – Monmouthshire County Council.</p> | Status | Open |

| Audit Wales Recommendations | <p>To address its medium to long-term financial sustainability, the Council should urgently implement the delivery plan for its new financial strategy. Specifically, it should:</p> <ul style="list-style-type: none"> • develop its Change and Improvement Plan to identify sustainable ways to deliver services whilst addressing its forecast funding gap; • utilise effective modelling and data to support its long-term approach to financial sustainability; and • ensure it has appropriate arrangements to monitor and report the impact of its financial strategy, in particular the Change and Improvement Plan, on service users and delivery of well-being objectives. | | | | | |
|-----------------------------|---|---|--|---|--|--|
| Planned actions | Desired Result | Action | Responsible Officer & Timescale | Progress so far | | |
| | A Change and Improvement Plan which identifies sustainable ways to deliver services whilst addressing the forecast funding gap. | To develop a Change and Improvement plan to enable delivery of required savings over the medium term. | Cabinet/Strategic Leadership Team Ongoing | <p>An Organisation Development Framework ‘For Purpose, On Purpose – F-POP’ has been developed with Strategic Leadership and Cabinet. ‘F-POP’ was launched to all Senior Leaders and all staff in November 2025. A Change Agent Network has also been established to drive forward this work, with a focus on supporting and enabling the achievement of strategic priorities and outcomes.</p> <p>Further work is needed to bring forward the formal approval of the delivery framework which sets out the guiding principles for ‘F-POP’. This will outline the decision-making framework, the Programme Structure including the seven Programme Themes; the delivery team/Programme Management Office and the Programme governance.</p> | | |
| | A Medium-Term Financial Plan which outlines how the | To use the Medium-Term Financial Strategy to develop the Medium-Term | Head of Finance | The Medium-Term Financial Plan was updated to inform the 2025/26 budget | | |

| | | | | |
|--|---|--|--|--|
| | objectives of the Medium-Term Financial Strategy will be delivered, with a view to supporting a long-term approach to financial sustainability. | Financial Plan to inform the 2025/26 budget setting process. | March 2025 - Completed | setting process. The next iteration of the plan will be developed and considered alongside and to inform the 2026/27 budget setting process. |
| | Regular and appropriate monitoring of progress in delivering the Medium-Term Financial Strategy and delivery plan. | To produce six-monthly updates on the council's medium term financial planning, including latest modelling and data used. | Head of Finance Six-monthly – complete and ongoing | The latest medium term financial planning update was presented to Cabinet in November 2025. This provided Cabinet with the latest progress in implementing the medium-term financial strategies' delivery plan, which translates the strategy into deliverable action. |
| | Regular and appropriate monitoring of progress in achieving community and corporate plan objectives. | To produce a six-monthly update on progress against the council's well-being objectives set in the community and corporate plan. | Chief Officer People, Performance & Partnerships Six monthly – complete and ongoing | Six-monthly reporting has been undertaken on the progress with the council's community and corporate plan objectives. A self-assessment report assessing progress during 2024/25 was presented to Council in October 2025. An assessment of progress made in the first 6 months of 2025/26 was also presented to Cabinet in December 2025. |

Performance Management Proposals

| | | | |
|---------------------|---|--------|------|
| Report | Audit Wales Performance Management Arrangements Review – December 2024 | | |
| Summary of findings | Overall, Audit Wales found that the council has proper arrangements in place to manage its performance and is proactive in identifying areas for improvement. They found that the council has a maturing performance management system that support delivery of its corporate objectives, and that it has reviewed the effectiveness of its performance management arrangements and identified areas of | Status | Open |

| | <p>improvement. However, whilst performance reporting is moving towards being more balanced, there are examples where underperformance is not presented in as much detail as positive performance.</p> <p>The full report can be found here: Monmouthshire County Council – Review of Performance Management Arrangements.</p> | | | | | | | | | | | |
|--|--|--|---|---------------------------------|-----------------|--|--|--|---|--|--|--|
| <p>Audit Wales Recommendations</p> | <p>The Council should ensure that its performance management arrangements continue to support transparent and robust scrutiny of performance. In order to continue the progress already made, it should:</p> <ul style="list-style-type: none"> • increase the consistency of service planning; • promote the training resources and support available; and • ensure that areas of underperformance are consistently and adequately mitigated with robust explanation. | | | | | | | | | | | |
| <p>Planned actions</p> | <table border="1"> <thead> <tr> <th data-bbox="405 558 770 628">Desired Result</th> <th data-bbox="775 558 1279 628">Action</th> <th data-bbox="1283 558 1559 628">Responsible Officer & Timescale</th> <th data-bbox="1563 558 2085 628">Progress so far</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 632 770 1342"> <p>Service business plans are consistently completed, applying the service business planning principles.</p> </td> <td data-bbox="775 632 1279 1342"> <p>Complete annual quality assurance of Service Business Plans and support managers to implement the findings.</p> </td> <td data-bbox="1283 632 1559 1342"> <p>Cabinet/Strategic Leadership Team February 2026</p> </td> <td data-bbox="1563 632 2085 1342"> <p>Quality assurance of 2025-28 service business plans in currently underway. This has found that there has continued to be improvement in the quality of plans, though many plans still require improvement in parts of their completion. Some common areas for development remain the completion of risk registers, use of performance indicators and robust assessment of progress and impact. Feedback is provided to managers, Heads of Service and Chief Officers.</p> <p>Following changes to directorate structures, some service business plans have been newly established or have been adjusted. Quality assurance of these plans will be completed following Q3 updates in January.</p> </td> </tr> </tbody> </table> | Desired Result | Action | Responsible Officer & Timescale | Progress so far | <p>Service business plans are consistently completed, applying the service business planning principles.</p> | <p>Complete annual quality assurance of Service Business Plans and support managers to implement the findings.</p> | <p>Cabinet/Strategic Leadership Team February 2026</p> | <p>Quality assurance of 2025-28 service business plans in currently underway. This has found that there has continued to be improvement in the quality of plans, though many plans still require improvement in parts of their completion. Some common areas for development remain the completion of risk registers, use of performance indicators and robust assessment of progress and impact. Feedback is provided to managers, Heads of Service and Chief Officers.</p> <p>Following changes to directorate structures, some service business plans have been newly established or have been adjusted. Quality assurance of these plans will be completed following Q3 updates in January.</p> | | | |
| Desired Result | Action | Responsible Officer & Timescale | Progress so far | | | | | | | | | |
| <p>Service business plans are consistently completed, applying the service business planning principles.</p> | <p>Complete annual quality assurance of Service Business Plans and support managers to implement the findings.</p> | <p>Cabinet/Strategic Leadership Team February 2026</p> | <p>Quality assurance of 2025-28 service business plans in currently underway. This has found that there has continued to be improvement in the quality of plans, though many plans still require improvement in parts of their completion. Some common areas for development remain the completion of risk registers, use of performance indicators and robust assessment of progress and impact. Feedback is provided to managers, Heads of Service and Chief Officers.</p> <p>Following changes to directorate structures, some service business plans have been newly established or have been adjusted. Quality assurance of these plans will be completed following Q3 updates in January.</p> | | | | | | | | | |

| | | | | |
|--|---|---|--|---|
| | Performance management training that is accessible to all staff. | Review and update, where necessary, using feedback gathered, the service business plan principles and guidance and further develop training and support available for plans. Identify the potential for making performance management training available via the Council's online Learning Management System (Thinqi). | Performance & Data Insight Manager April 2026 | The service business plan principles and guidance have been updated for 2025/26, where necessary, using feedback gathered. Further performance management training will be developed ahead of the completion of 2026/27 plans to further support the strengthened use of service business plans. |
| | A balanced and honest self-assessment reports which provides a fair evaluation of areas of strength and weakness. | Review and update, using feedback gathered, the self-assessment process, including aiming to strengthen the application of a self-evaluative mindset when assessing performance and arrangements to explain areas of underperformance or improvement. | Performance & Data Insight Manager September 2025 – completed | The council's self-assessment report was completed and presented to Council in September 2025. Developments for this year's report included ensuring structured tiers of challenge were built into the process with aim of ensuring the findings provide a fair and balanced conclusion of the performance of the council, including both progress and explaining under performance or improvement. |

Counter-fraud Arrangements Proposals

| Report | Audit Wales Counter-fraud Arrangements Review – May 2025 | | |
|---------------------|---|--------|------|
| Summary of findings | Overall, Audit Wales found that the Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take. Audit Wales found that the council has set out a zero-tolerance approach to fraud and has appropriate policies in place, and that it fosters an anti-fraud culture and is actively strengthening its approach to training. Improvements have been identified to strengthen arrangements further, including the council's use of data analytics and formal intelligence sharing arrangements, as well as ensuring a clear performance management approach is set. The full report can be found here: Monmouthshire County Council – Counter-fraud Arrangements | Status | Open |

| Audit Wales Recommendations | <p>To support transparency and provide assurance that fraud is prevented, investigated and deterred, the Council should put clear counter-fraud performance management arrangements in place, including, for example:</p> <ul style="list-style-type: none"> • clear goals and objectives for counter-fraud work; • relevant performance metrics; • regular reporting on counter-fraud performance, including reporting to GAC; • feedback and continuous improvement mechanisms to ensure lessons learned are embedded within departments. | | | |
|-----------------------------|---|--|--|--|
| | <p>To ensure the Council is maximising its use of data and intelligence, the Council should identify:</p> <ul style="list-style-type: none"> • ways to maximise its use of data to inform counter-fraud work; • whether current arrangements to share data and intelligence with other public bodies are effective and if other opportunities for collaboration exist. | | | |
| Planned actions | Desired Result | Action | Responsible Officer & Timescale | Progress so far |
| | <p>Ensure clear counter-fraud performance management arrangements are in place to support transparency and provide assurance that fraud is prevented.</p> | <p>Strengthen existing counter-fraud arrangements as part of the review of the Councils Fraud Risk Assessment.</p> | <p>Chief Internal Auditor March 2026</p> | <p>A progress update on strengthening existing counter-fraud arrangements was provided to Governance and Audit Committee as part of the counter-fraud, corruption & bribery risk assessment, presented to the committee in October 2025.</p> <p>The Internal Audit Strategy is being updated and new reporting methodology developed to ensure GAC are continually aware of the cases being investigated.</p> <p>Discussions are ongoing with the Welsh Chief Auditors Group who are establishing a working group to determine a set of standardised KPIs for counter-fraud.</p> |

| | | | | |
|--|---|---|-----------------------------------|--|
| | Ensure the council is maximising its use of data and intelligence | Explore how the council can maximise the use of data within its counter-fraud work, including if there are any systems available which could strengthen our approach, subject to affordability. | Chief Internal Auditor Ongoing | <p>The Council has explored options for other external providers and systems to assist its Counter Fraud work but the costs at present are not feasible. This has been reported to Governance and Audit Committee within the updated Fraud Risk Assessment.</p> <p>A paper is due to be presented to Governance and Audit Committee in January 2026 updating on the significant progress made against reviewing National Fraud Initiative data matches.</p> <p>Conversions are ongoing with regards to systems in use at other Welsh local authorities and if a low-cost data solution could be used by Monmouthshire.</p> |
|--|---|---|-----------------------------------|--|

Commissioning Proposals

| Report | Audit Wales Arrangements for Commissioning Services Review – November 2025 | | |
|-----------------------------|--|--------|------|
| Summary of findings | Overall, Audit Wales found that the Council does not have arrangements in place to ensure that it consistently secures value for money when commissioning services. It found that the Council does not consistently define the services it intends to commission, and does not routinely explain why it needs to commission services. It also found the Council does not consistently set out how the value for money of commissioned services will be assessed and monitored. | Status | Open |
| Audit Wales Recommendations | <p>The full report can be found here: Microsoft Word - 4174A2024 Monmouthshire Commissioning Services Eng</p> <p>To ensure that the council consistently secures value for money when commissioning services, it should put into place arrangements and ensure that is consistently:</p> <ul style="list-style-type: none"> • has a clear rationale for commissioning services; • plans over an appropriate timescale when commissioning services; | | |

| | <ul style="list-style-type: none"> • considers the wider impacts its commissioned services could have; • works with the right people and partners to design and deliver its commissioned services; • evaluates the value for money of its commissioning arrangements; • shares any lessons learned across the organisation and with external partners where appropriate. <p>To ensure that all service areas implement the arrangements recommended above, once these arrangements have been put in place the Council should:</p> <ul style="list-style-type: none"> • clearly set out its expectations and guidance for commissioning services; • communicate its expectations across service areas; and • monitor the extent to which these arrangements are implemented. | | | | | |
|------------------------|--|---|---|--|--|--|
| <p>Planned actions</p> | Desired Result | Action | Responsible Officer & Timescale | Progress so far | | |
| | <p>Clear and consistent arrangements for commissioning are established across the council, and oversight of arrangements is strengthened.</p> | <p>To work with partners, within the Council’s collaboration with Ardal, to explore an opportunity to develop an authority wide commissioning framework and approach.</p> | <p>Head of Strategic Change, Partnerships and Procurement & Strategic Procurement Lead April 2026</p> | <p>The council has a largely devolved model for commissioning, with arrangements and responsibility embedded within service areas who commission services. These include arrangements that have guided the commissioning process within the three tracer areas sampled. The council recognises the importance of acting on the recommendations of the review to enhance our corporate oversight arrangements for commissioning services.</p> <p>To develop the framework, existing processes will be reviewed and shared across the Ardal partners to determine best practice and recommendations going forward. This will inform the development of the framework, and will improve clarity for officers undertaking commissioning across the organisation.</p> <p>The Whole Authority commissioning framework and approach has been added to the forward work plan of Governance</p> | | |

| | | | | |
|--|---|--|---|--|
| | | | | and Audit committee to review once developed. This has been provisionally scheduled for April 2026. |
| | Consistent arrangements for commissioning are embedded and communicated across the council. | To work across the council to set, embed and communicate the delivery arrangements of the commissioning framework. | Head of Strategic Change, Partnerships and Procurement & Strategic Procurement Lead March 2027 | <p>Following the development of the commissioning framework, the associated arrangements to deliver it will be set out, embedded and expectation communicated to all service areas.</p> <p>Arrangements to monitor the extent to which these arrangements are implemented, in line with the recommendations, will be developed and set out within the commissioning framework.</p> |

Appendix 2

Audit Wales national studies published since last update

| Report | Temporary accommodation, long-term crisis? – (August 2025) | | |
|-----------------------|---|---|--|
| Outline of the Review | <p>Demand for temporary accommodation has increased almost five-fold in the last decade. A significant reason for this was the Welsh Government's 'no-one left out' approach which was adopted during the pandemic to ensure everyone had access to a safe place to live. The Welsh Government provided additional funding to councils to implement this policy. Due to continued high levels of demand and rising costs, councils are spending considerable amounts of money providing accommodation for people who are often in crisis.</p> <p>Where councils need to provide temporary accommodation, it is important that councils understand whether or not they are securing value for money. This means having an understanding of the both the cost and quality of provision. It also includes understanding whether they are providing people experiencing homelessness with a place to live which meets their needs, even if it is only a temporary home. Even with a focus on prevention, councils are likely to always need to offer a small amount of temporary accommodation for people who are experiencing homelessness. However, if councils and their partners do not reduce demand for temporary accommodation, there remains a risk that short-term solutions become a long-term crisis both for public finances and for people experiencing homelessness.</p> <p>The full report can be found here: Temporary accommodation, long-term crisis?</p> | | |
| Audit Wales Summary | <p>Audit Wales found that councils:</p> <ul style="list-style-type: none"> • are spending considerable amounts of money on temporary accommodation which in many cases does not meet people's needs; • do not understand whether they are getting value for money from their temporary accommodation; • have made limited progress with improving prevention of homelessness to achieve better outcomes and reduce costs; • find it difficult to predict demand for temporary accommodation in the medium to long term; • do not have clear plans in place to ensure their workforce is equipped to prevent demand for temporary accommodation; and • find it difficult to work well with partner organisations to prevent homelessness | | |
| Management Response | Recommendations | Response | Responsible officer & timescale |
| | <p>Value for Money Audit Wales found that councils are not able to demonstrate that they are securing value for money in their temporary accommodation provision. To address this councils should:</p> | <p>The Council adopts a flexible approach to identifying and sourcing the provision of temporary accommodation. The approach results in the council sourcing temporary accommodation through a range of means</p> | <p>Head of Housing Services Ongoing</p> |

- ensure the full range of approaches and options for temporary accommodation provision are considered; and
- set out how they will assess and monitor the overall value for money of temporary accommodation provision, including:
 - the intended outcomes; and
 - the information they will use to assess the economy, efficiency and effectiveness of their temporary accommodation provision.

including through utilising existing social housing stock, leasing private rented stock and the repurposing of existing council owned buildings. In addition, the council’s empty homes procedures seek to identify potential temporary accommodation opportunities.

The Council implements individual procedures which assess the value for money of projects both in relation to meeting statutory requirements and intended outcomes, including avoiding the use of B&B accommodation where possible and ensuring costs are sustainable. All properties acquired for leasing purposes are subject to an approval process which considers a range of factors assessing value for money and suitability, including legal requirements, whether the property provides an alternative to unsuitable accommodation and the expected cost benefits in comparison to typical B&B use.

To inform the future approach to temporary accommodation provision the Council undertook an evaluation in June 2025 to understand the current need and appraising the existing stock in terms of location, cost and quality. This will support the Council to reconfigure and develop the stock, in line with need, whilst also considering economy, efficiency and effectiveness. The Council’s leasing procedure was also subject to an internal audit review in 2024.

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| | <p>Planning for Prevention</p> <p>We found that while all councils have Rapid Rehousing Transition Plans in place, these are of variable quality. To effectively plan to prevent homelessness councils should:</p> <ul style="list-style-type: none"> • ensure they use relevant data to make the best possible estimate of future demand for homelessness services; • include a range of primary, secondary and tertiary approaches in their plans, with the emphasis on primary prevention where possible; • model the impact of policy changes on the skills and capacity needed in their workforce; • identify the workforce they will need to address demand for temporary accommodation in the future; and • set out how they will assess and monitor the economy, efficiency and effectiveness of their approach to preventing and reducing demand for temporary accommodation. | <p>The Council maintains a suite of data that informs Rapid Rehousing progress. This includes data relating to homelessness and prevention, temporary accommodation, permanent accommodation and housing support. This is updated and monitored on a quarterly basis. There is, however, a need to improve the availability of housing support data to better inform understanding and the quality and impact of housing support delivered. This will be implemented through the review of the Housing Support Grant programme and revised specifications and re-tendering.</p> <p>The impact and projected impact of Welsh Government policy changes have been used to inform reviews of Strategy, Housing Options and Housing Support staff. Staffing capacity has been increased in this regard over recent years. The next review will reflect any requirements relating to the current Welsh Government Homeless and Allocations (Wales) Bill.</p> | <p>Homelessness Commissioning Operational Manager</p> <p>Ongoing</p> |
| | <p>Partnership Working</p> <p>We found that partnership working in preventing homelessness is often not effective. To improve this councils should:</p> <ul style="list-style-type: none"> • work with their partners to: <ul style="list-style-type: none"> -identify existing respective roles and responsibilities; -agree how to address gaps in and/or duplication of services; • regularly evaluate the effectiveness of their partnership working for homelessness prevention. | <p>The council is a member of a range of partnerships and networks which allow us to form relationships and share best practice. This includes the Strategic Housing Forum, Housing Social Grant Provider Forum and Housing Support Network. We also have more informal, but important, relationships with a range of services such as health, social care and private landlords. Having a broad range of partnerships and relationships allows us to</p> | <p>Head of Housing Services</p> <p>Ongoing</p> |

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| | | <p>ensure a cohesive and joined-up approach across the organisation.</p> <p>Updates of progress in implementing the Rapid Rehousing Transition Plan, which includes partnership working, are provided quarterly in service business plans, and through an annual report to Scrutiny Committees.</p> | |
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Closed Audit Wales Proposals for Improvement

Capital Programme Management Proposals

| Report | Audit Wales Capital Programme Management – April 2024 | | | | |
|-----------------------------|---|--|--|---|--------|
| Summary of findings | <p>As part of this review, Audit Wales sought to answer the question: Does the Council have proper arrangements in place to secure value for money in the design and delivery of its capital programme? Overall, they found that the capital programme management arrangements demonstrate some strengths but lack focus on outcomes and impact. They found that planning arrangements are generally robust, but the capital programme lacks clear outcomes, and that monitoring arrangements focus on budget and timescales with limited consideration of impact or learning.</p> <p>The full report can be found here: Monmouthshire County Council – Capital Programme Management.</p> | | | Status | Closed |
| Audit Wales Recommendations | <p>The Council should clearly articulate in its Capital Strategy:</p> <ul style="list-style-type: none"> the outcomes it is seeking to achieve from its capital programme and how individual projects can contribute towards these; what success will look like; and how it will measure this. <p>This will provide a clearer structure for monitoring and help the Council to demonstrate if its capital programme provides value for money.</p> <p>The Council should report on progress against the capital programme’s planned outcomes so that members can scrutinise and gain assurance.</p> | | | | |
| Planned actions | Desired Result | Action | Responsible Officer & Timescale | | |
| | Clearly defined desired outcomes along with arrangements in place to monitor these. | To develop an updated Capital Strategy for 25/26 which includes more detailed information on the outcomes the strategy is seeking to achieve and how the delivery of these outcomes will be monitored. | Head of Finance February 2025 – completed | The updated Capital Strategy was approved by Council in March 2025. The strategy identifies the key objectives and the main governance and approval process for capital investments. This includes the process for approving capital investments and the agreed priority investment matrix which plays a key role | |

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| | | | <p>in ensuring investment is properly aligned with the overall Community and Corporate Plan and wider strategic principles of the Council.</p> <p>The success of the strategy will ultimately be measured by demonstrating that capital investment has furthered Community & Corporate Plan aspirations.</p> |
| Strengthened reporting of progress against planned outcomes. | Reinforce monitoring arrangements of planned outcomes as part of updated Capital Strategy 25/26. | <p>Head of Finance</p> <p>February 2025 – completed</p> | <p>The updated Capital Strategy was approved by Council in March 2025. This strategy identifies the governance arrangements that are in place to monitor capital expenditure and strategy development and implementation. Monitoring outcomes is a role for responsibility holders of capital projects. An overview of the outcomes evaluated for the capital programme for significant capital projects (those decisions taken through Cabinet or Council) was also provided to full Council as part of their annual update.</p> |
| | Complete an annual report on the performance of the Asset Management Plan (as set out in the Asset Management Strategy). | <p>Acting Head of Landlord Services</p> <p>July 2025 – completed</p> | <p>The Capital Strategy identifies the current governance arrangements that are in place to monitor capital expenditure and strategy development and implementation. Alignment with the Asset Management Strategy has been strengthened as part of the updated Capital Strategy to enable delivery of the strategies' objectives and outcomes.</p> <p>An annual report on the performance of the Asset Management Plan was reported</p> |

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| | | | | to Performance and Overview Scrutiny Committee for review in July 2025, as part of a wider review of all enabling strategies. |
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Digital Strategy proposals

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| Report | Audit Wales Digital Strategy Review – June 2024 | | | | |
| Summary of findings | <p>Audit Wales found that the Council does not have a digital strategy. The absence of a costed strategy with clear objectives and measures also makes it difficult for the council to monitor and assess the value for money of its strategic approach. They also found that the council has not drawn on a wide range of evidence sources or mapped out the stakeholders it needs to involve, in developing and delivering its strategic approach to digital.</p> <p>The Audit Wales national report ‘Digital by design? Lessons from our digital strategy review across councils in Wales’ is available here Digital by design? Audit Wales</p> | | | Status | Closed |
| | <p>To ensure the Council makes the best use of digital technology to secure value for money in the use of its resources the Council should develop and clearly articulate a strategic approach to digital. In developing its approach, it should act in accordance with the sustainable development principle.</p> <p>To ensure it better understand the impact of its digital strategy and progress in delivering it over the short, medium, and long-term the Council should strengthen its arrangements for monitoring and reviewing the delivery of the strategy.</p> <p>To help ensure that its resources are effectively targeted the Council should strengthen engagement with the full diversity of those with an interest in the delivery of its strategic approach to digital.</p> <p>To help ensure that the Council identifies all opportunities to improve value for money in its strategic approach to digital strategy the Council should map out all potential collaborative opportunities to deliver its next digital strategy.</p> | | | | |
| Audit Wales Recommendations | | | | | |
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| Planned actions | Desired Result | Action | Responsible Officer & Timescale | Progress so far | |
| | A digital and data strategy that acts to secure value for money for the council, in accordance with the | To develop an updated Digital and Data Strategy for the Council. | Deputy Chief Executive | A revised Digital and Data Strategy was approved by Cabinet in July 2024. This strategy sets the direction for the organisation over the next three years | |

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| | sustainable development principle. | | July 2024 - Complete | and includes three overarching digital and data aims of the council, along with the action it will take to achieve them. |
| | Strengthened monitoring arrangements for the delivery of a revised strategy. | To implement the arrangements for monitoring and review agreed in the Digital and Data Strategy. | Deputy Chief Executive July 2025 – completed | <p>A revised Digital and Data Strategy was approved by Cabinet in July 2024. This strategy sets out implementation and governance arrangements.</p> <p>In order to deliver the strategy and strengthen stakeholder engagement a Strategic Digital, Data and Technology Board and a Digital Steering Group has been established. The functioning of these arrangements continues to be developed to ensure they effectively facilitate the delivery of the strategy.</p> <p>An annual review of performance, aligned with the council’s existing performance management framework, was presented to Performance and Overview Scrutiny Committee in July 2025 to provide the committee with the opportunity to assess progress made in implementing the strategy.</p> |
| | Strengthened engagement with stakeholders as part of development of a revised strategy. | Complete engagement with key stakeholders to inform the development of the Digital and Data Strategy. | Deputy Chief Executive May 2025 - completed | <p>A revised Digital and Data Strategy was approved by Cabinet in July 2024. A range of key stakeholders were involved in the development of this strategy.</p> <p>The continued involvement and engagement of stakeholders representing internal service areas, our local authority partners and elected members is key to implement and develop this strategy. In order to deliver the strategy and</p> |

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| | | | | <p>strengthen stakeholder engagement the Shared Resources Service, which now supports the delivery of the Council’s digital, data and technology needs, has reviewed and strengthened its governance arrangements.</p> <p>Alongside the strengthening in the collaboration through the SRS, a Council led Digital and Data Steering Group has been established. User centred design principles and stakeholder engagement and customer/resident data are key to informing future priorities and programmes of work.</p> <p>Furthermore, the Leader of the Council (as Cabinet Member and portfolio holder for digital and data) receives quarterly strategic briefings to maintain oversight of delivery and to ensure that resident outcomes are at the heart of what the digital and data strategy aims to achieve.</p> |
| | <p>Understand where collaborative working in the digital space will deliver value for money for the organisation.</p> | <p>To develop a Digital and Data Strategy that considers opportunity for collaborative development.</p> | <p>Deputy Chief Executive</p> <p>July 2025 - Completed</p> | <p>A revised Digital and Data strategy was approved by Cabinet in July 2024. This strategy sets out the three overarching digital and data aims of the council, one of which is to ‘work with partners to develop and maintain strong foundations to support delivery of the strategic vision’.</p> <p>In order to more effectively deliver the digital and data needs of the Council, the Shared Resource Service (SRS) – a 15 year mature partnership and collaboration</p> |

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| | | | | <p>that delivers the technology and network requirements of the Council, and that of Newport, Torfaen and Blaenau Gwent Councils – has extended its collaboration. This has brought digital and data capabilities of the local authorities into the SRS. This will in turn ensure strengthened arrangements and assist in the effective delivery of the digital and data strategy and its priorities.</p> |
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REPORT

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| SUBJECT: | TREASURY MANAGEMENT ACTIVITY UPDATE - QUARTER 3 2025/26 |
| MEETING: | Governance & Audit Committee |
| DATE: | 28th January 2026 |
| DIVISIONS/WARD AFFECTED: | All |

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. The Authority's treasury management strategy for 2025/26 was approved by Council on 6th March 2025. Over the first half of the year the Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 1.3. This report represents the third update of treasury management activity during 2025/26 following the Quarter 1 report being considered by this Committee on the 24th of July 2025 and Quarter 2 on the 27th of November.

2. **RECOMMENDATIONS:**

That Governance & Audit committee review the results of treasury management activities and the performance achieved in quarter 3 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity 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 |
|----------|---------------------------|-----------|------------|-------------------|-------------------|
| External | Bank of England base rate | 4.50% | 4.25% | 4.00% | 3.75% |
| External | UK Consumer Prices Index | 2.6% | 3.6% | 3.8% | 3.2% |
| External | 10-year UK gilt yield | 4.69% | 4.49% | 4.70% | 4.48% |
| Internal | Borrowing | £202.3m | £208.2m | £179.2m | £182.8m |
| Internal | Borrowing Average rate | 3.90% | 3.93% | 3.72% | 3.69% |
| Internal | Investments | £16.0m | £37.0m | £11.7m | £12.0m |
| Internal | Investment Average rate | 5.03% | 4.40% | 4.57% | 4.56% |
| Internal | Credit score/rating | A+ / 4.50 | AA- / 4.50 | AA- / 4.44 | AA- / 4.45 |

3.2. Key messages:

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| <p>Treasury management activities undertaken during the quarter complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.</p> |
| <p>The Authorities average cost of borrowing has decreased marginally from 3.72% to 3.69% over the quarter, reflective of the maturity and replacement of temporary borrowing at a lower rate.</p> |
| <p>Cash balances increased marginally over the quarter from £11.7m to £12.0m. During the quarter, the authority's investment balances ranged from between £11.7m and £34.0m.</p> |
| <p>Investments in externally managed pooled funds have generated £169k (5.48%) income return, together with a £247k (5.99%) unrealised capital gain during the year.</p> |
| <p>Unrealised capital losses over the lifetime of the investments stand at £141k, for which the Authority maintains a sufficient treasury risk reserve to mitigate against realisation.</p> |
| <p>The Authority continues to invest in a specific Environmental, Social and Governance (ESG) investment product and is prioritised for investment where returns remain competitive. During the quarter this product returned 3.80% compared to an average rate of 3.88% for all Money Market Funds.</p> |
| <p>Non-treasury investments, comprising the Authority's Solar farm and two strategic property assets, are forecast to generate £562k (1.99%) in net income during the year.</p> |

4. ECONOMIC SUMMARY

- 4.1. **Economic Overview:** The early part of the year was marked by volatility in global markets, driven by US trade tariffs that negatively impacted equities and bonds. While equity markets recovered somewhat in the second quarter, a divergence emerged between US and UK government bond yields. UK yields remained elevated as investors demanded higher term premia amid heightened uncertainty around the UK's fiscal and economic outlook. Later in the period, global monetary policy trends showed the US Federal Reserve continuing to cut rates, while the European Central Bank held its key rates steady, citing inflation near target and moderate euro area growth despite geopolitical risks.
- 4.2. **UK Economic and Monetary Policy Developments:** Domestically, the UK economy showed signs of slowing, with GDP growth easing from 0.7% in Q1 to 0.1% in Q3 and a slight contraction in October. Inflation moderated faster than expected, with CPI falling to 3.2% in November, though still above the Bank of England's target. Labour market conditions softened as unemployment rose to 5.1% and vacancies declined. Against this backdrop, the Bank of England cut Bank Rate to 3.75% in December, with further reductions anticipated in 2026 amid concerns over weak growth. The Autumn Budget was more muted than expected, easing fears of higher borrowing, while forecasts from the BoE and OBR pointed to modest GDP growth and a gradual decline in inflation over the medium term.
- 4.3. **Financial Markets and Credit Conditions** Financial markets recovered from the April sell-off, with equities continuing to rise despite concerns over an AI-driven market bubble and concentration in US and global stocks. UK gilt yields experienced notable volatility, with the 10-year yield ranging between 4.39% and 4.82% before ending the period at 4.48%, while the 20-year gilt moved between 5.05% and 5.55%, closing at 5.11%. SONIA averaged 4.10% over the nine months. Credit conditions remained broadly stable, though rating agencies made several adjustments: Fitch upgraded NatWest and Clydesdale Bank, while Moody's downgraded US sovereign debt to Aa1. UK credit default swap prices spiked in April following US tariff announcements but trended lower through year-end,

remaining within acceptable limits. Market volatility is expected to persist, and credit risk indicators will continue to be closely monitored.

5. **BORROWING ACTIVITY**

| | 30.9.25 Balance | 30.9.25 Weighted Average Rate | 30.9.25 Weighted Average Maturity | Balance Movement | 31.12.25 Balance | 31.12.25 Weighted Average Rate | 31.12.25 Weighted Average Maturity |
|---------------------------|----------------------------|--|--|-----------------------------|-----------------------------|---|---|
| | £m | % | (years) | | £m | % | (years) |
| Public Works Loan Board | 146.7 | 3.7 | 16.4 | 1.9 | 148.6 | 3.7 | 16.3 |
| Banks (LOBO) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Welsh Govt Interest Free | 6.5 | 0.0 | 2.3 | (0.3) | 6.2 | 0.0 | 2.3 |
| Local Authorities / Other | 26.0 | 4.9 | 0.5 | 2.0 | 28.0 | 4.5 | 0.4 |
| Total borrowing | 179.2 | 3.72 | 13.6 | 3.6 | 182.8 | 3.69 | 13.3 |

- 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 but ended the period slightly lower. Public Works Loan Board (PWLB) rates fluctuated across maturities, with 10-year loans ranging from 5.17% to 5.62%, and short-term borrowing costs from other local authorities broadly aligned with the Base Rate at 4.0% 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 December 2025, the Authority's total borrowing stood at £182.8m, up £3.6m from the previous quarter. The slight increase 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 quarter, the authority's investment balances ranged from between £11.0m and £48.0m due to timing differences between income and expenditure. The movement in investments during the year was:

| | 30.9.25 Balance | Net Movement | 31.12.25 Balance | 31.12.25 Income Return | 31.12.25 Weighted Average Maturity Days |
|--|----------------------------|-------------------------|-----------------------------|---------------------------------------|--|
| | £m | £m | £m | % | |
| Banks & building societies (unsecured) | (2.0) | 0.0 | (2.0) | Average 4.11% | Up to 180 days |
| Government (incl. local authorities) | (3.0) | 0.0 | (3.0) | | |
| Money Market Funds (MMFs) | (2.7) | (0.4) | (3.0) | | |

| | | | | | |
|----------------------------------|---------------|--------------|---------------|--------------|-----|
| Multi asset income, Pooled funds | (4.0) | 0.0 | (4.0) | 5.48% | N/A |
| Total investments | (11.7) | (0.4) | (12.0) | 4.56% | |

- 6.2. Bank Rate reduced by 0.25% through the quarter to 3.75% with short term interest rates largely being around this level. The rates on DMADF deposits ranged between 3.70% and 4.20% and money market rates between 3.77% and 4.33%.
- 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 £169k (5.48%) income return, together with a £247k (5.99%) unrealised capital gain in first month of the year.
- 6.5. Accumulated unrealised capital losses over the lifetime of the investment stand at £141k. 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. Notably, 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 31st December 2025 the Authorities ESG specific Money Market Fund returned 3.80% compared to an average rate of 3.88% for all Money Market Funds.

8. NON-TREASURY INVESTMENTS:

- 8.1. The authority continues to hold £28.19m of non-financial asset investments and their forecast performance can be seen in the table below:

| | Forecast (surplus) / deficit 2025/26 £000's | Carrying Value 31.03.25 £000's | Forecast Return 2025/26 % | Net return 2024/25 % |
|-------------------------------------|--|---|------------------------------------|----------------------------|
| Oak Grove Solar Farm | (474) | 5,785 | 8.19 | 5.25 |
| Newport Leisure Park & service loan | (295) | 15,616 | 1.89 | 1.41 |
| Castlegate Business Park | 207 | 6,784 | -3.05 | -7.56* |
| Total | (562) | 28,185 | 1.99 | 1.06 |

* includes one-off provision for bad debt of £248k & £169k relating to service charges and business rates respectively. Net return excluding this write-off would be -1.42% (overall portfolio 1.52%)

- 8.2. The investment at Oak Grove Solar Farm continues to provide a substantial return on investment for the Council. Overall returns will be higher during 2025/26 which reflects favourable weather conditions and the ability of the Council to export energy.
- 8.3. The investment at Newport leisure park continues to provide a net income stream for the Authority. This is budgeted to remain slightly lower than the expected 2% net ROI until negotiated rent free concessions end towards the end of 2025.
- 8.4. The investment at Castlegate Business Park is budgeting a net negative return on investment for 2025/26. Continued negotiations with interested parties are expected to further improve the net return over the medium term and the Council is actively working with its agents to fill any remaining space. The overall position continues to represent a significant improvement on the position since the anchor tenant vacated their space in Spring 2022.
- 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 Quarter 3 Report

12. **AUTHORS**

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Phone: (01633) 644895

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2025/26 Treasury Management Report – Quarter 3 (as at 31st December 2025)

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|-----------|---|
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| 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: Early in the first quarter was dominated by US trade tariffs and the negative impact on equity and bond markets. While this was reversed somewhat in the second quarter with equity markets making gains, it also saw a divergence in US and UK government bond yields. UK yields persisted at higher levels as investors demanded higher returns in the form of term premia due to the more uncertain UK fiscal and economic position.
- 1.2. The latter part of the period included the government's November autumn Budget. Despite much speculation and drip-feeding of potential policies in the weeks leading up to the event, what was ultimately announced was generally deemed more muted than had been anticipated, helping ease investors' fears of significantly higher government borrowing.
- 1.3. UK consumer price inflation (CPI) inflation was 3.2% in November 2025, down from 3.6% in the previous month and lower than the 3.5% expected, but still well above the Bank of England (BoE) target. Core CPI eased to 3.2% from 3.4%, against forecasts of it staying at 3.6%.
- 1.4. According to the Office for National Statistics (ONS), the UK economy expanded by 0.7% in the first quarter of the calendar year, by 0.3% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP fell by 0.1% in October.
- 1.5. The labour market continued to ease over the period as unemployment rose, vacancies fell and inactivity remained flat. In the three months to October 2025, the unemployment rate rose to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%.
- 1.6. The Bank of England's Monetary Policy Committee (MPC) voted 5-4 to cut Bank Rate to 3.75% in December 2025, as was expected. Policymakers wanting a cut judged that disinflation was established while those preferring to hold Bank Rate at 4% argued that inflation risks remained sufficiently material to leave it untouched at this stage.
- 1.7. The November BoE Monetary Policy Report projected GDP would expand by a modest 0.2% in calendar Q4 2025. Estimates of inflation in the report were quickly out of date when CPI fell quicker than expected in November. Predictions of a modestly growing economy were echoed by the Office for Budget Responsibility in its Economic and Fiscal Outlook published with the Autumn Statement which revised down its estimate of annual GDP to around 1.5% between 2025 and 2030.
- 1.8. Arlingclose, the authority's treasury adviser, held a central view that Bank Rate would be cut further in 2025/26 with most BoE policymakers remaining more worried about weak GDP growth than higher inflation. In line with Arlingclose's central forecast, Bank Rate was reduced

to 3.75% in December. Further cuts are expected in 2026, with the central forecast being that Bank Rate will be eased to around 3.25%.

- 1.9. The US Federal Reserve continued cutting rates, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. The meeting minutes noted that most policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 1.10. The European Central Bank (ECB) held its key interest rates in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 1.11. **Financial markets:** Equity markets gained the previous declines seen in the April sell-off and have continued to rise, even in the face of ongoing uncertainty around the existence of an AI-related 'bubble' and concentration in US and global stock markets.
- 1.12. Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.48%. However, these nine months saw significant volatility with the 10-year yield hitting a low of 4.39% and a high of 4.82%. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.11% with a low and high of 5.05% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.10% over the nine months to 31st December.
- 1.13. **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.
- 1.14. 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.
- 1.15. In May, Moody's downgraded the United States sovereign long-term rating to Aa1 and affirmed OP Corporate's rating at Aa3. Moody's later upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers.
- 1.16. S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.
- 1.17. After spiking in April following the US trade tariff announcements, UK credit default swap (CDS) prices trended down before picking up modestly in October and November. They declined again in December and ended the year in line with levels seen in the first half of the year and most of 2024.
- 1.18. 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.
- 1.19. At the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 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

| | 31.3.25 £m | Movement £m | 30.06.25 £m | Movement £m | 30.09.25 £m | Movement £m | 31.12.25 £m |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund CFR | 209.6 | 6.4 | 216.0 | 0.0 | 216.0 | 10.8 | 226.8 |
| <i>Less: *Other debt liabilities</i> | <i>(1.9)</i> | <i>0</i> | <i>(1.9)</i> | <i>0.0</i> | <i>(1.9)</i> | <i>0.0</i> | <i>(1.9)</i> |
| Borrowing CFR | 207.7 | 6.4 | 214.1 | 0.0 | 214.1 | 10.8 | 224.9 |
| <i>Less: External borrowing</i> | <i>(202.3)</i> | <i>(5.9)</i> | <i>(208.2)</i> | <i>29.0</i> | <i>(179.2)</i> | <i>(3.6)</i> | <i>(182.8)</i> |
| Net External borrowing | 5.4 | 0.5 | 5.9 | 29.0 | 34.9 | 7.2 | 42.1 |
| <i>Less: Usable reserves</i> | <i>(25.3)</i> | <i>0.0</i> | <i>(25.3)</i> | <i>(9.9)</i> | <i>(35.2)</i> | <i>9.7</i> | <i>(25.5)</i> |
| <i>Less: Working capital</i> | <i>3.9</i> | <i>(21.5)</i> | <i>(17.6)</i> | <i>6.2</i> | <i>(11.4)</i> | <i>(17.2)</i> | <i>(28.6)</i> |
| (Net Investments) | (16.0) | (21.0) | (37.0) | (25.4) | (11.7) | (0.3) | (12.0) |

* 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 quarter, known as internal borrowing. Table 1 above highlights that at the end of the quarter the Authority was internally borrowed by £42.1m, meaning that reserves and working capital were being used in lieu of external borrowing.

2.3. At the end of quarter 3 the Authority had net investments of 12.0m. Balances over the quarter ranged from between £11.7m and £34.0m due to timing differences between income and expenditure and borrowing activity.

2.4. The treasury management position at 31st December 2025 and the change during the year is shown in Table 2 below.

Table 2: Borrowing and Investment Summary

| | 30.09.25 Balance £m | 30.09.25 Rate % | Movement | 31.12.25 Balance £m | 31.12.25 Rate % |
|---------------------------|---------------------------|-----------------------|------------|---------------------------|-----------------------|
| Long-term borrowing | 124.0 | 3.34 | 4.4 | 128.4 | 3.40 |
| Short-term borrowing | 55.2 | 4.57 | (0.8) | 54.4 | 4.36 |
| Total borrowing | 179.2 | 3.72 | 3.6 | 182.8 | 3.69 |
| Long-term investments | 0.0 | N/A | 0.0 | 0.0 | N/A |
| Short-term investments | (3.0) | 4.18 | 0.0 | (3.0) | 4.11 |
| Pooled Funds | (4.0) | 5.32 | 0.0 | (4.0) | 5.48 |
| Cash and cash equivalents | (4.7) | Included in ST above | (0.3) | (5.0) | Included in ST above |

| | | | | | |
|--------------------------|---------------|-------------|--------------|---------------|-------------|
| Total investments | (11.7) | 4.57 | (0.3) | (12.0) | 4.56 |
| Net Borrowing | 167.5 | | 3.3 | 170.8 | |

- 2.5. The authorities net borrowing position has increased very slightly over the quarter primarily due to replacement temporary borrowing being taken in advance of the original debt maturing, in order to secure a more advantageous interest rate.

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. After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Except in the much long term gilt yields have decreased slightly over the period, reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget.
- 3.3. The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.34% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.
- 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 cost has reduced slightly over the period in line with Base Rate and short-dated market rates. The average rate on the Authority's short-term loans at 30th December 2025 on £54.4m was 4.36%, this compares with 4.57% on £55.2m loans 3 months ago.
- 3.6. At 31st December 2025 the Authority held £182.8m of loans, an increase of £3.6m from 30th September 2025, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans are summarised in Table 3 below

Table 3: Borrowing Position

| | 30.9.25 Balance | 30.9.25 Weighted Average Rate | 30.9.25 Weighted Average Maturity | Balance Movement | 31.12.25 Balance | 31.12.25 Weighted Average Rate | 31.12.25 Weighted Average Maturity |
|-------------------------|----------------------------|--|--|-----------------------------|-----------------------------|---|---|
| | £m | % | (years) | | £m | % | (years) |
| Public Works Loan Board | 146.7 | 3.7 | 16.4 | 1.9 | 148.6 | 3.7 | 16.3 |
| Banks (LOBO) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | |
|--------------------------|--------------|-------------|-------------|------------|--------------|-------------|-------------|
| Welsh Gov Interest Free | 6.5 | 0.0 | 2.3 | (0.3) | 6.2 | 0.0 | 2.3 |
| Local authorities /Other | 26.0 | 4.9 | 0.5 | 2.0 | 28.0 | 4.5 | 0.4 |
| Total borrowing | 179.2 | 3.72 | 13.6 | 3.6 | 182.8 | 3.69 | 13.3 |

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

| | Amount £m | Rate % | Period (years) |
|--------------------------|----------------------|-------------------|---------------------------|
| PWLB EIP Annuity – 21/10 | 5.0 | 4.85 | 10 |
| PWLB EIP Annuity – 29/10 | 3.0 | 4.67 | 10 |
| Total | 8.0 | | |

3.9. **Forward Starting Loans:** To enable certainty of cost to be achieved without suffering a cost of carry in the intervening period, the Authority arranged £5m of forward starting loans with fixed interest rates of 4.00% for the delivery of cash in upcoming months, details of which are below. The short term borrowing is being used to replace maturing short term loans

Table 5: Forward Starting Loans

| | Amount £m | Rate % | Loan Period (months) | Forward Period (months) |
|------------------------|----------------------|-------------------|---------------------------------|--|
| Local Authority Loan 1 | 5.0 | 4.00 | 11 | 4 |
| Total | 5.0 | 4.00 | | |

3.10. 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.

3.11. 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 during the quarter

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 £11.7m and £34.0m due to timing differences between income and expenditure. The investment position at the end of the quarter was:

Table 6: Treasury Investment Position

| | 30.9.25 Balance | Net Movement | 31.12.25 Balance | 31.12.25 Income Return | 31.12.25 Weighted Average Maturity Days |
|--|----------------------------|-------------------------|-----------------------------|---------------------------------------|--|
| | £m | £m | £m | % | |
| Banks & building societies (unsecured) | (2.0) | 0.0 | (2.0) | Average 4.11% | Up to 180 days |
| Government (incl. local authorities) | (3.0) | 0.0 | (3.0) | | |
| Money Market Funds (MMFs) | (2.7) | (0.3) | (3.0) | | |
| Multi asset income, Pooled funds | (4.0) | 0.0 | (4.0) | 5.48% | N/A |
| Total investments | (11.7) | (0.3) | (12.0) | 4.56% | |

- 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. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.70% and 4.20% and money market rates between 3.77% and 4.33%.
- 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

| | Credit Score | Credit Rating | <u>Bail-in Exposure</u> | Weighted Average Maturity (days) | Rate of Return % |
|----------------|---------------------|----------------------|------------------------------------|---|----------------------------------|
| MCC 31.09.2025 | AA- | 4.44 | 61% | 8 | 4.57 |
| MCC 31.12.2025 | AA- | 4.45 | 63% | 6 | 4.56 |
| Similar LAs | AA- | 4.32 | 44% | 8 | 3.87 |
| All LAs | AA- | 4.59 | 60% | 12 | 4.08 |

- 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 an important diversification for the Authority and have generated £169k (5.48%) income return, together with a £247k (5.99%) unrealised capital gain during the year.
- 4.9. Accumulated unrealised capital losses over the lifetime of the investment stand at £141k. 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 on months, quarters and even years; but with the confidence that over the longer term that total returns will exceed cash interest rates.
- 4.11. **Statutory override:** The statutory override in England has been extended until the 1st April 2029 for any investments already in place before 1st April 2024. Welsh Government has similarly adopted this position moving forward. The Authority maintains a treasury management risk reserve which currently holds £590,000 to mitigate the impact of such risks materialising.
- 4.12. **Market update:**
- 4.13. Most asset classes achieved positive performance over the quarter, although conditions remained volatile and heavily influenced by political and macroeconomic developments.
- 4.14. Strong equity market performance continued into Q3 2025 albeit slightly tempered from gains made earlier in the year. US technology stock valuations, which have been a main driver of performance throughout 2025, stalled in the quarter as concerns emerged that major AI related companies such as Nvidia and Oracle would not be able to deliver the required growth to justify stretched valuations. This was compounded by the US government shutdown in October which lasted for 43 days and became the longest shutdown in US history. This delayed key data releases and raised uncertainty around growth, inflation, and the path for interest rates. Nonetheless, the S&P 500 still ended the quarter up 2.35% underlining the resilience of US equities.
- 4.15. UK equities also performed well, with the FTSE 100 reaching new all-time highs during the quarter. This was driven by expectations of further monetary loosening throughout 2026 as well as strong performance of precious metal miners following a period of extremely strong growth in gold and silver prices.
- 4.16. Concerns around fiscal sustainability remained at the forefront for fixed income (bond) investors. Both the USA and UK governments continued to face scrutiny around rising fiscal deficits which have put upward pressure on long-term bond yields. At the same time falling short-term rates in both regions have led to a steepening in the yield curve. Despite a steepening yield curve, absolute levels for yields have fallen (meaning prices have risen) which has meant positive performance for fixed income investors during the quarter.

4.17. Capital values in UK commercial property continued to recover as demand returned to the sector. Demand for office space has been improving but the main drivers of performance continued to be industrial and retail warehouse spaces.

4.18. Overall, despite volatility in all sectors, equities, fixed income, and property delivered positive returns over the quarter with equity markets showing particular resilience in the face of a reasonably large correction in US tech prices.

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. Notably, 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 31st December 2025 the Authorities ESG specific Money Market Fund returned 3.80% compared to an average rate of 3.88% 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 31st March 2025 (£31.1m as at 31st March 2024) made up of:

| | Forecast (surplus) / deficit 2025/26 £000's | Carrying Value 31.03.25 £000's | Forecast Return 2025/26 % | Net return 2024/25 % |
|-------------------------------------|--|---|------------------------------------|----------------------------|
| Oak Grove Solar Farm | (474) | 5,785 | 8.19 | 5.25 |
| Newport Leisure Park & service loan | (295) | 15,616 | 1.89 | 1.41 |
| Castlegate Business Park | 207 | 6,784 | -3.05 | -7.56* |
| Total | (562) | 28,185 | 1.99 | 1.06 |

*includes one-off provision for bad debt of £248k & £169k relating to service charges and business rates respectively. Net return excluding this write-off would be -1.42% (overall portfolio 1.52%)

6.5. These investments continue to represent an important income diversification for the Council and contributes towards the overall funding of services.

6.6. A more detailed report on the performance of these investments is reported periodically 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. Income generation for these agricultural, retail and industrial assets are a secondary consideration and as such return against original investment would be considered negligible.

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

| | Forecast 31.12.25 £000's | Budget £000's | Over / (under) Budget £000's |
|--|-----------------------------|------------------|------------------------------------|
| Interest Payable | | | |
| PWLB | 5,397 | 4,931 | 465 |
| Market loans | 0 | 0 | 0 |
| Short term loans | 2,031 | 2,538 | (507) |
| Other Activities (Internal Arrangements) | 332 | 155 | 177 |
| Total Interest payable on borrowing | 7,759 | 7,624 | 135 |
| Interest Receivable | | | |

| | | | |
|--------------------------------------|----------------|----------------|--------------|
| Invested cash short term | (942) | (788) | (154) |
| Pooled Funds | (201) | Included above | (201) |
| Finance lease income | (55) | Included above | (55) |
| Total income from Investments | (1,198) | (788) | (410) |
| Total | 6,562 | 6,836 | (274) |

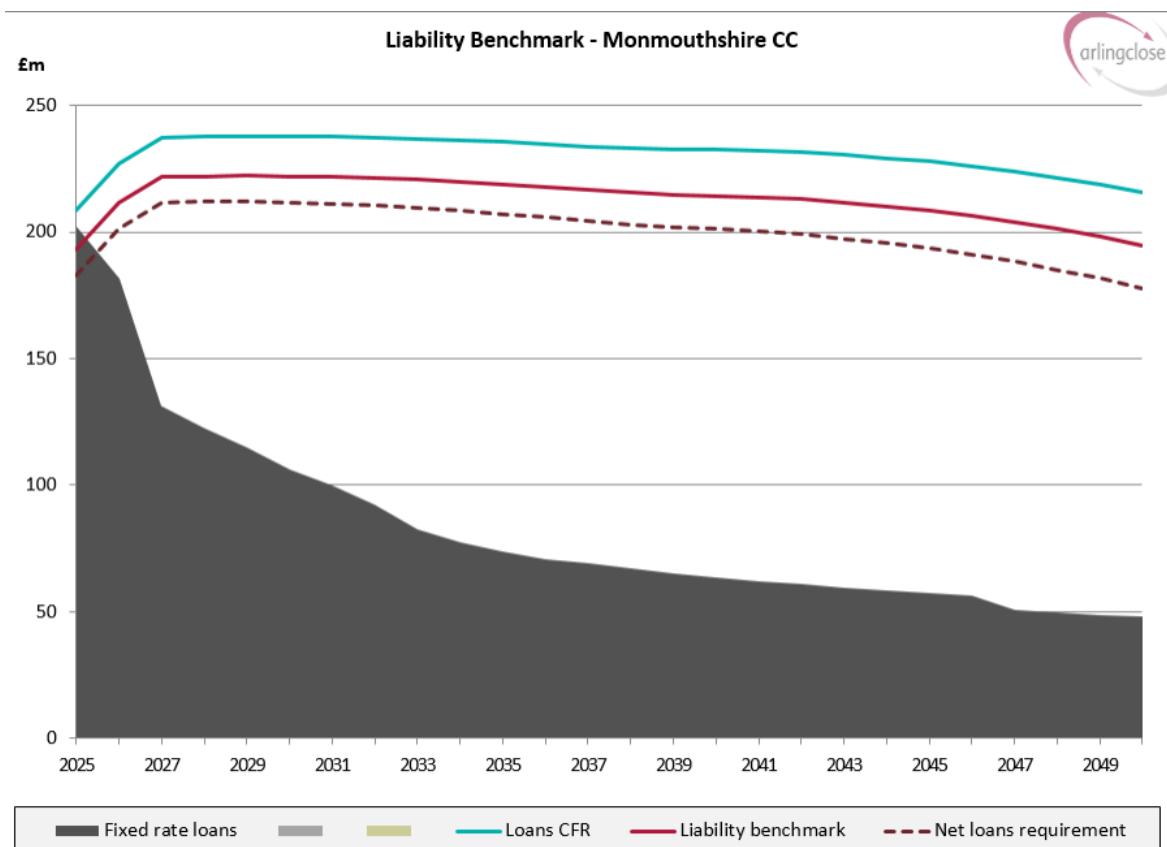
8. Compliance with treasury limits and indicators

- 8.1. The Section 151 officer reports that all treasury management activities undertaken during the quarter 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

| | 31.3.25 Actual | 31.3.26 Forecast | 31.3.27 Forecast | 31.3.28 Forecast | 31.3.29 Forecast |
|-------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Loans CFR | 207.7 | 226.8 | 237.1 | 237.5 | 237.7 |
| Less: Balance sheet resources | (5.4) | (25.5) | (25.5) | (25.5) | (25.5) |
| Net loans requirement | 202.3 | 201.3 | 211.6 | 212.0 | 212.2 |
| Plus: Liquidity allowance | 0.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Liability benchmark | 202.3 | 211.3 | 221.6 | 222.0 | 222.2 |
| Current loan profile | (202.3) | (177.4) | (127.5) | (119.8) | (112.1) |
| Borrowing requirement | 0.0 | 33.9 | 94.1 | 102.2 | 110.1 |

- 8.3. This indicates that if capital plans remains accurate the Council will have a borrowing requirement over the medium term of £110.1m. 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 | 31.12.25 Actual £m | 2025/26 Operational Boundary £m | 2025/26 Authorised Limit £m | Complied? Yes/No |
|---|--|--------------------------|--|--------------------------------------|-------------------------|
| Borrowing | 211.6 | 182.8 | 248.2 | 263.6 | Yes |
| PFI, Finance Leases & Other LT liabs | 2.0 | 1.8 | 17.8 | 18.8 | Yes |
| Total debt | 213.61 | 184.5 | 266.0 | 282.4 | Yes |

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 | 31.12.25 Actual | Lower Limit | Upper Limit | Complied? | 31.3.25 Actual (For comparison) |
|--------------------------------|-----------------|-------------|-------------|-----------|---------------------------------|
| Under 12 months | 30% | 0% | 50% | Yes | 31% |
| 12 months and within 24 months | 4% | 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 | 8% | 0% | 30% | Yes | 9% |
| 20 years and within 30 years | 13% | 0% | 30% | Yes | 11% |
| 30 years and within 40 years | 7% | 0% | 30% | Yes | 7% |
| 40 years and within 50 years | 11% | 0% | 30% | Yes | 10% |
| 50 years and above | 0% | 0% | 30% | Yes | 0% |

Table 13: Investment Limits

| | Maximum in quarter | 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

| | 31.12.24 Actual | 2025/26 Target | Complied? |
|--------------------------|-----------------|----------------|-----------|
| Portfolio average credit | AA-/4.44 | 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 quarter were:

| | 01/04/25 | 31/12/25 |
|---|----------|----------|
| Bank Rate | 4.50% | 3.75% |
| 1-year PWLB certainty rate, maturity loans | 4.82% | 4.37% |
| 5-year PWLB certainty rate, maturity loans | 4.94% | 4.78% |
| 10-year PWLB certainty rate, maturity loans | 5.38% | 5.34% |
| 20-year PWLB certainty rate, maturity loans | 5.88% | 5.88% |
| 50-year PWLB certainty rate, maturity loans | 5.63% | 5.71% |

| | |
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| Authorised Limit | <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> |
| Balances and Reserves | Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure. |
| Bail-in | Refers to the process which the banking regulatory 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. |
| Bank Rate | The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'. |
| Bond | A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life. |
| Capital Expenditure | Expenditure on the acquisition, creation or enhancement of capital assets |
| Capital Financing Requirement (CFR) | The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed. |
| Capital growth | Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund) |
| Capital receipts | Money obtained on the sale of a capital asset. |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| Constant Net Asset Value (CNAV) | Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US\$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder. |
| Collective Investment Schemes | Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds. |
| Corporate Bonds | Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies. |

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| Corporate Bond Funds | Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations. |
| CPI <i>Also see RPI</i> | Consumer Price Index. (This measure is used as the Bank of England's inflation target.) |
| Credit Default Swap (CDS) | A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading. |
| Credit Rating | Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees. |
| Cost of carry | When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim. |
| Credit default swaps | Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default. |
| Diversification / diversified exposure | The spreading of investments among different types of assets or between markets in order to reduce risk. |
| Derivatives | Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'. |
| ECB | European Central Bank |
| Federal Reserve | The US central bank. (Often referred to as "the Fed") |
| Floating Rate Notes | A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting |
| GDP | Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy. |
| General Fund | This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the HRA). |
| Gilts (UK Govt) | Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity. |
| Housing Revenue Account (HRA) | A ring-fenced account of all housing income and expenditure, required by statute |
| IFRS | International Financial Reporting Standards |
| Income Distribution | The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend' |

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| Investments <ul style="list-style-type: none"> - Secured - unsecured | <p>Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default</p> <p>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.</p> |
| Liability Benchmark | <p>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).</p> |
| LOBOs | <p>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.</p> |
| LVNAV (Low Volatility Net Asset Value) | <p>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)</p> |
| Maturity | <p>The date when an investment or borrowing is repaid.</p> |
| Maturity profile | <p>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.</p> |
| MiFID II | <p>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.</p> |
| Money Market Funds (MMF) | <p>Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.</p> |
| Minimum Revenue Provision | <p>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</p> |
| Non-Specified Investments | <p>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.</p> |
| Net Asset Value (NAV) | <p>A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.</p> |
| Operational Boundary | <p>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.</p> |
| Permitted Investments | <p>Term used by Scottish Authorities as those the Authority has formally approved for use.</p> |
| Pooled funds | <p>See Collective Investment Schemes (above)</p> |

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| Premiums and Discounts | <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> |
| Private Finance Initiative (PFI) | <p>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.</p> |
| Prudential Code | <p>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.</p> |
| Prudential Indicators | <p>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.</p> |
| PWLB | <p>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.</p> |
| Quantitative Easing | <p>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</p> |
| Registered Provider of Social Housing | <p>Formerly known as Housing Association</p> |
| Revenue Expenditure | <p>Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges</p> |
| RPI | <p>Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.</p> |

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| SORP | Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom). |
| Specified Investments | 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. |
| Supported Borrowing | Borrowing for which the costs are supported by the government or third party. |
| Supranational Bonds | Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are those issued by the European Investment Bank, the International Bank for Reconstruction and Development. |
| Treasury Management Code | CIPFA's Code of Practice for Treasury Management in the Public Services. |
| Temporary Borrowing | Borrowing to cover peaks and troughs of cash flow, not to fund spending. |
| Term Deposits | Deposits of cash with terms attached relating to maturity and rate of return (interest) |
| Unsupported Borrowing | Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing. |
| Usable Reserves | Resources available to finance future revenue and capital expenditure |
| Variable Net Asset Value (VNAV) | A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices. |
| Working Capital | Timing differences between income/expenditure and receipts/payments |
| Yield | The measure of the return on an investment instrument |



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|---------------------------------|---|
| SUBJECT: | NATIONAL FRAUD INITIATIVE (NFI) 2024-25 EXERCISE |
| MEETING: | GOVERNANCE & AUDIT COMMITTEE |
| DATE: | JANUARY 2026 |
| DIVISION/WARDS AFFECTED: | ALL |

1. PURPOSE:

- 1.1 To inform the Governance & Audit Committee of the Councils work on the National Fraud Initiative (NFI) which is a data matching exercise, led by the Cabinet Office and Audit Wales.

2. RECOMMENDATIONS:

- 2.1 That Members of the Governance and Audit Committee note the work completed on the National Fraud Initiative data release 2024/25 to 01st December 2025 and seek assurance that appropriate procedures are in place to help detect and minimise the impact of fraud.

3. KEY ISSUES:

- 3.1 The National Fraud Initiative (NFI) matches data across organisations and systems to help public bodies identify fraud and overpayments. Since its commencement in 1996, NFI exercises have resulted in the detection and prevention of more than £56.5 million of fraud and overpayments in Wales and £2.9 billion across the UK.
- 3.2 The NFI is led by the Cabinet Office and Audit Wales. On a biennial basis, Monmouthshire County Council (MCC) has a statutory responsibility to submit data to the NFI relating to payroll, creditors, creditor payments, housing waiting lists, council tax reduction scheme, concessionary travel passes, resident parking permits and taxi drivers. An annual submission of council tax and electoral register data is also submitted each December.
- 3.3 Results of the latest exercise (2024 data upload) were released through the NFI secure web application throughout January 2025. MCC then has a responsibility to promptly review the returned 'data matches' and report outcomes directly onto the NFI system.
- 3.4 The Internal Audit team are responsible for co-ordinating the exercise and conducting checks on a sample of matches, especially those deemed to be 'very high' or 'high' risk by the NFI system. The Shared Benefits Service have the responsibility for reviewing data matches relating to the Council Tax Reduction Scheme and Housing Benefits. 4

4. REASONS:

- 4.1 As of the 01st December 2025, it is pleasing to report that MCC in conjunction with the Shared Benefits Service have made excellent progress and had processed 98.6% of the returned matches (total 3,138). Of the remainder;
- 37 had yet to be reviewed - this was due to an access permission issue which has now been resolved. These will be examined by the Shared Benefits Service as a priority.
 - The remaining 8 were deemed to be in progress and/or under investigation.

The expectation from Audit Wales was that this exercise should be completed as much as possible prior to the 31st March 2026 and therefore MCC are very much on track to meet this.

- 4.2 The outcomes being reported as of the 01st December 2025 were;

Matches Processed : 3,093

Investigating : 8

Cleared : 2,938

Frauds : 1

Errors : 154

Total Outcomes : £1,797.55 (being recovered)

Total Cabinet Office Estimated Saving : £118,457.60

Total Overall Outcomes : £120,255.15

- 4.3 It must be noted that the majority of the errors identified, as well as most of the Cabinet Office Estimated Savings, specifically £116,718, are attributable to Blue Badge Parking Permits that remained active on the system despite the permit holder having passed away. This will not bring MCC a monetary saving.
- 4.4 It is therefore assuring to report that no major frauds have been identified through the current exercise. Although considerable time has been spent by the Counter Fraud Officer in reviewing the data matches, this should provide the Governance & Audit Committee with comfort that the Council has appropriate fraud detection arrangements in place and the pro-active approach we are taking to fraud detection.
- 4.5 Overall, there is an indication that our internal controls are operating to a satisfactory level throughout the relevant systems and that, as a result, the potential for fraud against the Authority is being minimised. No significant frauds have been identified through this exercise. Consequently, we have given a '**Substantial Assurance**' rating which reflects that a sound system of governance, risk management and control exists.
- 4.6 It is important to note that following legislative changes, the NFI required the Council to submit two sets of Social Care data as part of the 2024/25 exercise. These were;
- Private Supported Care Home Residents'
 - Personal budgets (Direct Payments)
- Originally, these were required to be submitted with the other data sets in November 2024, however, due to delays in passing the required legislative changes the upload was delayed until November 2025. As of writing this report, the data matches have yet to be returned to the Council.
- 4.7 Despite submitting the required social care data ahead of the revised statutory deadline, a number of concerns have been raised with management regarding the data quality. We

can confirm that this has been raised as an issue for consideration within the build for the finance module of the new Social Care Management System (Mosaic).

5. RESOURCE IMPLICATIONS:

The completion of the upload and reviewing of the data matches is included within the Internal Audit Plan and the duties of the Councils Counter Fraud Officer.

6. CONSULTEES:

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

7. BACKGROUND PAPERS:

None

8. AUTHOR AND CONTACT DETAILS

Jan Furtek, Chief Internal Auditor

Telephone: 01600 730521

Email: janfurtek@monmouthshire.gov.uk

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GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME 2025-26

1ST MAY 2025

Reports to be with Peter by – 7th April 2025
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 10th April 2025
 Pre-meeting – 14th April 2025
 Finalised reports to Democratic Services – 17th April 2025
 Despatch by Democratic Services – 23rd April 2025

| 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 | | ✓ | | | |
| Audit Wales Work Programme: Council Progress Update | Richard Jones | | ✓ | | | |
| Internal Audit Plan 25/26 | Jan Furtek | | | | ✓ | |
| Implementation of Internal Audit agreed recommendations | Jan Furtek | | | | ✓ | |
| Internal Audit Charter, Mandate and Strategy | Jan Furtek | | | | ✓ | |
| Audit Wales Work Programme and Timetable quarterly update - March 2025 | Steve Wyndham/Charlotte Owen | | | | | ✓ |
| Audit Wales Annual Audit Plan 2025 - 26 | Steve Wyndham | | | | | ✓ |

12TH JUNE 2025

Reports to be with Peter by – 23rd May 2025
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 29th May 2025
 Pre-meeting – 2nd June 2025
 Finalised reports to Democratic Services – 3rd June 2025
 Despatch by Democratic Services – 4th June 2025

| | | Terms of reference category | | | | |
|--|--|-----------------------------|--|--|--|--|
|--|--|-----------------------------|--|--|--|--|

| Report Title | Report Author | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
|---|---------------------------|-------------------|--|------------|----------------|----------------|
| Effectiveness of Strategic Risk Management Framework | Richard Jones | | ✓ | | | |
| Draft Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs) | Sian Hayward | | ✓ | | | |
| Internal Audit Annual Report 2024/25 | Jan Furtek | | | | ✓ | |
| SRS Annual Internal Audit Report – Torfaen CBC IA Team | Jan Furtek | | | | ✓ | |
| 2024/25 Treasury Outturn report | Jonathan Davies | ✓ | | | | |
| Audit Wales Annual Audit Summary 2024 | Audit Wales/Richard Jones | | ✓ | | | ✓ |
| Audit Wales Counter Fraud Arrangements Review & Management Response | Audit Wales/Richard Jones | | ✓ | | | ✓ |
| Whistleblowing Annual Report | Philippa Green | ✓ | | | | ✓ |

24TH JULY 2025

- Reports to be with Peter by – 7th July 2025
- Reports to be with Wendy Barnard/Chair prior to pre-meeting – 10th July 2025
- Pre-meeting – 14th July 2025
- Finalised reports to Democratic Services – 15th July 2025
- Despatch by Democratic Services – 16th July 2025

| 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 | ✓ | | | | |
| 2025/6 Q1 - Treasury report | Jon Davies | ✓ | | | | |
| Mon CC Draft Statement of Accounts 2024/25 | Jon Davies | ✓ | | | | |
| Draft Annual Governance Statement 2024/25 | Jan Furtek | | | | ✓ | |
| Draft Self-Assessment Report 2024/25 | Richard Jones | | ✓ | | | |

11TH SEPTEMBER 2025

- Reports to be with Peter by – 22nd August 2025
- Reports to be with Wendy Barnard/Chair prior to pre-meeting – 28th August 2025

Pre-meeting – 1st September 2025
 Finalised reports to Democratic Services – 2nd September 2025
 Despatch by Democratic Services – 3rd September 2025

| Report Title | Report Author | Terms of reference category | | | | |
|---|--------------------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| Internal Audit Quarterly progress report (Q1) | Jan Furtek | | | | ✓ | |
| Governance & Audit Committee Annual report 2024/5 | Chair – Andrew Blackmore | | ✓ | | | |

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|--|------------|---|--|--|--|--|
| 2024/25 Welsh Church Fund/Monmouthshire Farm School Endowment Trust Draft Statements of Accounts | Jon Davies | ✓ | | | | |
|--|------------|---|--|--|--|--|

30TH OCTOBER 2025 (MOVED FROM 16TH OCTOBER 2025)

Reports to be with Peter by – 10th October 2025
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 16th October 2025
 Pre-meeting – 20th October 2025
 Finalised reports to Democratic Services – 21st October 2025
 Despatch by Democratic Services – 22nd October 2025

| Report Title | Report Author | Terms of reference category | | | | |
|--|------------------------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| 2024/25 MCC Statement of Accounts Final | Jon Davies | ✓ | | | | |
| WAO Audit of Accounts Report | Steve Wyndham/Charlotte Owen | | | | | |
| Global Internal Audit Standards – Implementation and Self-Assessment | Jan Furtek | | | | ✓ | |
| Health and Safety Annual Report | Kate Thompson | | ✓ | | | |
| Anti-Fraud, Corruption & Bribery Policy Update | Jan Furtek | | | | ✓ | |

Call in of the Chief Officer for Social Care, Safeguarding and Accessible Health Services in response to the My Mates Internal Audit Report Jan Furtek

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|---|---------------|--|---|--|---|---|
| Audit Wales Report: National Fraud Initiative 2024/25 - Update for Monmouthshire County Council | Steve Wyndham | | ✓ | | | ✓ |
| Internal Audit quarterly progress report (Q2) | Jan Furtek | | | | ✓ | |

27TH NOVEMBER 2025

Reports to be with Peter by – 10th November 2025
Reports to be with Wendy Barnard/Chair prior to pre-meeting – 13th November 2025
Pre-meeting – 17th November 2025
Finalised reports to Democratic Services – 18th November 2025
Despatch by Democratic Services – 19th November 2025

| Report Title | Report Author | Terms of reference category | | | | |
|--|---------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| 25/26 Q2 Treasury report | Jon Davies | ✓ | | | | |
| Whole Authority Annual Complaints Report | Annette Evans | | | ✓ | | |
| The Ombudsmans's Annual Letter | Annette Evans | | | ✓ | | |
| Annual Audit Plan 24-25 Welsh Church Funds | | | | | | ✓ |

Richard Jones

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|--|-------------------|--|---|--|--|--|
| Panel Performance Assessment: Purpose to provide the committee with an early overview of the arrangements being put in place as part of the council's Panel Performance Assessment | Matthew Gatehouse | | ✓ | | | |
| Effectiveness of Strategic Risk Management Framework and summary of wider arrangements | Richard Jones | | ✓ | | | |

28TH JANUARY 2026

Reports to be with Peter by – 8th January 2025
Reports to be with Wendy Barnard/Chair prior to pre-meeting – 9th January 2026

Pre-meeting – 15th January 2026
 Finalised reports to Democratic Services – Monday 17th January 2026
 Despatch by Democratic Services – Tuesday 20th January 2026

| Report Title | Report Author | Terms of reference category | | | | |
|---|---------------------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| 2024/5 WCF/Mon Farm Statement of Accounts Final | Jon Davies | ✓ | | | | |
| Audit Wales Work Programme: Council Progress update | Richard Jones | | ✓ | | | |
| ISA260 for trust funds | Steve Wyndham /Jon Davies | | | | | ✓ |
| 25/26 Q3 Treasury report | Jon Davies | ✓ | | | | |
| National Fraud Initiative 2024/25 Exercise | Jan Furtek | | ✓ | | | |

26TH FEBRUARY 2026

Reports to be with Peter by – 9th February 2026
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 12th February 2026
 Pre-meeting – 16th February 2026
 Finalised reports to Democratic Services – 17th February 2026
 Despatch by Democratic Services – 18th February 2026

| Report Title | Report Author | Terms of reference category | | | | |
|--|---------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| 2026/27 Capital strategy & Treasury strategy | Jon Davies | ✓ | | | | |
| Anti Fraud, Bribery & Corruption Risk Assessment | Jan Furtek | | | | ✓ | |
| Internal Audit quarterly progress report (Q3) | Jan Furtek | | | | ✓ | |
| Draft Internal Audit Plan 2025/26 | Jan Furtek | | | | ✓ | |

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 2025

Pre-meeting – 1st April
 Finalised reports to Democratic Services – 4.00pm 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 |
| Review of the proposed update to the Council's constitution | James Williams - TBC | | ✓ | | | |
| Procurement Annual Report | Procurement/Ardal | | ✓ | | | |
| Audit Grants report (Potentially 26th February 2026) | Audit Wales | | | | | ✓ |
| Whole Authority commissioning framework and approach | Richard Jones | | ✓ | | | |

4th JUNE 2026
 Reports to be with Peter by
 Reports to be with Wendy Barnard/Chair prior to pre-meeting
 Pre-meeting
 Finalised reports to Democratic Services
 Despatch by Democratic Services

| Report Title | Report Author | Terms of reference category | | | | |
|--------------|---------------|-----------------------------|--|------------|----------------|----------------|
| | | Financial Affairs | Risk, Internal Control, Performance & Corporate Governance | Complaints | Internal Audit | External Audit |
| | | | | | | |

Public Document Pack Agenda Item 10

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at Council Chamber, County Hall, The Rhadyr USK on Thursday, 27th November, 2025
at 2.00 pm

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

Lay Members: Siwan Davies, Colin Prosser, Rhodri Guest

County Councillor: Sara Burch, John Crook, Tony Easson,
Phil Murphy, Peter Strong and Ann Webb

OFFICERS IN ATTENDANCE:

| | |
|-----------------|--|
| Annette Evans | Customer Relations Manager |
| Peter Davies | Deputy Chief Executive and Chief Officer for Resources |
| Jan Furtek | Chief Internal Auditor |
| Wendy Barnard | Democratic Services Officer |
| Richard Jones | Performance and Data Insight Manager |
| Jonathan Davies | Head of Finance/Section 151 |
| Steve Wyndham | Audit Wales Officer |
| Hannah Carter | Performance Analyst |
| Tim Buckle | Audit Wales Officer |
| Catrin McCarthy | Audit Wales Officer |
| Cath Fallon | Head of Economy and Enterprise |

APOLOGIES:

County Councillor David Jones

1. Declarations of Interest

No declarations of interest were made.

2. Public Open Forum

No members of the public were present.

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

The action list from the previous meeting was noted.

1. Global Internal Audit Standards: The Chief Internal Auditor confirmed that there is sufficient budget available to ensure that all internal audit staff achieve a sufficient level of professional competence. [CLOSED]

<https://www.youtube.com/live/uxPDKdwoS4I?si=PTQWfroKd21QaRV7&t=52>

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at 2.00 pm**

4. Audit Wales report - Arrangements for commissioning services and council management response'

Audit Wales Officers presented a report on arrangements for commissioning services. The Performance and Data Insight Manager presented the management response. Following presentation of the report and the management response, Members were invited to ask questions:

<https://www.youtube.com/live/uxPDKdwoS4I?si=hStCm5NQsGAVbJDT&t=97>

The Audit Wales Report and the Council's management response were noted.

[ACTION] The Performance and Data Insight Manager was tasked with ensuring that the commissioning framework that is in development is brought to Governance and Audit Committee when it has reached a suitable stage for scrutiny.

5. Annual Audit Plan 24-25 Welsh Church Funds

The Audit Wales Officer presented the Annual Audit Plan 2024-25 Welsh Church Funds. Following presentation of the report, questions from Committee Members were invited:

<https://www.youtube.com/live/uxPDKdwoS4I?si=qrVlii5yN1c4k86F&t=1043>

It was resolved to note the Annual Audit Plan.

6. 25/26 Q2 Treasury report

The Head of Finance and Finance Business Partner Corporate presented the 2025/26 Q2 Treasury Report. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/uxPDKdwoS4I?si=pbayolduZu5v7bCo&t=1325>

In line with the report recommendations, the Governance & Audit Committee reviewed the results of treasury management activities and the performance achieved in quarter 2 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

In doing so, the Committee noted concerns regarding Castlegate Business Park, which is currently reported as showing a 7.5% loss, largely due to markdowns. Occupancy is high (90–97%), but a small portion remains unfilled.

[ACTION]: In respect of Castlegate Business Park, it was agreed that an updated valuation and return on investment report is included in the Scrutiny Committee report scheduled for the new calendar year.

7. Whole Authority Annual Complaints Report

The Customer Relations Manager presented the annual Whole Authority Complaints Report. Following presentation of the report, committee Members were invited to ask questions:

<https://www.youtube.com/live/uxPDKdwoS4I?si=RTPrwEUcNNIOrV-9&t=1917>

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In line with the report recommendations, the Committee used the report, which covers the 12 month period up to 31 March 2025, to seek assurance about the effectiveness of the authority's processes for dealing with complaints and compliments and had the opportunity to make recommendations where any shortcomings were identified.

8. The Ombudsman's Annual Letter

The Customer Relations Manager presented the Ombudsman's Annual Letter. Following presentation of the Annual Letter, Members were invited to ask questions.

<https://www.youtube.com/live/uxPDKdwoS4I?si=umZUGUUGmhR7QDbs&t=2722>

As per the report recommendations:

1. The Committee agreed to note the content of the Public Sector Ombudsman for Wales (PSOW) annual letter (Appendix 1) and inform the PSOW of their considerations and any proposed actions. The PSOW is aware that due to the scheduling of meetings there would be a delay in responding to them.
2. The Committee noted that the authority continues to engage with the PSOW complaints standards work, accesses training for staff and provides the PSOW with complaints data. We have also fully implemented the PSOW's model complaints policy.

[ACTION] In receiving the Ombudsman's Annual Letter, the Committee asked the Monitoring Officer to provide a written update to the Committee on his role in complaints in relation to Town and Community Councils.

9. Panel Performance Assessment: Purpose to provide the committee with an early overview of the arrangements being put in place as part of the council's Panel Performance Assessment

The Chief Officer for People, Performance and Partnerships presented an update on Panel Performance Assessment to provide the Committee with an early overview of the arrangements being put in place as part of the Council's Panel Performance Assessment. Following the update, Committee Members were invited to ask questions:

<https://www.youtube.com/live/uxPDKdwoS4I?si=pEoFF5xK77Z8Uq5j&t=3189>

As per the report recommendations the Committee sought assurance that the arrangements being put in place are appropriate to meet the requirements of the Local Government and Elections (Wales) Act 2021.

10. Effectiveness of Strategic Risk Management Framework and summary of wider arrangements

The Performance and Data Insight Manager and Performance Analyst presented a report on the Effectiveness of Strategic Risk Management Framework and summary of wider arrangements. Following presentation of the report, Members asked questions:

<https://www.youtube.com/live/uxPDKdwoS4I?si=kOBXQHEsO-vHVPT6&t=4391>

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As contained in the report recommendations, Members used the assessment to seek assurance about the effectiveness of the authority's risk management arrangements.

11. **Governance and Audit Committee Forward Work Plan**

The Forward Work Plan was noted.

<https://www.youtube.com/live/uxPDKdwoS4I?si=tMkJthfBtz7uQ7La&t=5621>

12. **To approve the minutes of the previous meeting**

The minutes of the previous meeting were approved as an accurate record.

<https://www.youtube.com/live/uxPDKdwoS4I?si=YlbCF-uQf7mNExp&t=5629>

13. **Date of Next Meeting: 15th January 2026**

Meeting ended at 3.34 pm