

SUBJECT: DRAFT REVENUE AND CAPITAL BUDGET PROPOSALS 2026/27

MEETING: CABINET

DATE: 21st January 2026

DIVISION/WARDS AFFECTED: All

1 PURPOSE:

- 1.1 To set out draft revenue and capital budget proposals for financial year 2026/27.
- 1.2 To commence a period of consultation on draft budget proposals for a four-week period ending 18th February 2026.

2 RECOMMENDATIONS:

- 2.1 That Cabinet approves the release of its draft **revenue** budget proposals for 2026/27 for consultation which will run until 18th February 2026.
- 2.2 That Cabinet approves the release of its draft **capital** budget proposals for 2026/27 and indicative capital budgets for 2027/28 to 2029/30 for consultation as set out in **appendix 4**.
- 2.3 That Cabinet note the remaining revenue budget gap of £973,000 at draft budget stage which will need to be resolved in full by the time that the final budget is set by Council in March 2026.
- 2.4 That Cabinet notes the implications and current uncertainties arising out of Welsh Government's provisional Local Government budget announcement as outlined in this report and agree the response to Welsh Government as outlined at **appendix 5**.
- 2.5 That Cabinet recommends the use of capital receipts totalling £2,707,500 to fund revenue costs associated with organisational change that support the draft revenue budget proposals.
- 2.6 That Cabinet recommends an increase in discretionary fees and charges of at least 3.8% as outlined in **appendix 6**, reflecting the prevailing rate of inflation in September 2025.

Key frontline services will see increases in funding

Social care & health 5.6%

Education 4.7%

Place & Community Wellbeing 4.5%

Infrastructure 4.4%

- **Investment in an additional gulley cleaning team** to increase the frequency of cleaning services across the drainage network in the County
- **Investment in an additional street sweeping team** to increase the frequency of cleaning services to help maintain effective drainage and reduce surface water risks across the County
- An **additional £1m investment in local school budgets** for the second consecutive year to meet the demands that schools are facing in maintaining attendance levels and improving standards. This investment is above meeting in full all pay and pension related pressures in schools
- There will continue to be a focus on tackling inequalities and to protect the most vulnerable in our society. This means **in County support for additional learning needs provision will increase**, helping pupils stay in their local schools
- There will be **investment in our Welsh language education** to progress against the aspirations of the Welsh Education Strategic Plan
- **Investment in the Inspire programme** to offset reductions in grant funding - supporting those at risk of not being in Education, Employment, or Training
- **Additional investment of £1m into Social care** that secures an overall increase in funding of 5.6% and continues to support Adults and Children requiring care
- **Further investment in preventative services within Children's social care** through Family support programmes to offset grant reductions
- **An above inflation increase to Citizens Advice Monmouthshire** to recognise the key role the valued organisation plays in supporting Monmouthshire residents
- **Investment in library books and materials** to improve the quality of provision across the County

- Whilst hard choices have had to be made to protect services, **the services that are available to residents this year will continue to be available in 2026/27**. Waste collections will remain the same. Leisure centres, recycling centres, libraries and community hubs are all remaining open
- **Total additional capital investment of £5.5m** will be made within some of our key infrastructure network, predominantly in **Highways structures including Chainbridge refurbishment, carriageways, footpaths, public rights of way, and our property estate**
- We are committed to protecting our local environment and nature and will be working with our partners **to increase investment in Flood alleviation measures**, and will continue to review our property estate and energy usage **to reduce our carbon footprint**

Welsh Government's updated provisional funding settlement will make a meaningful difference in protecting essential local services

- Monmouthshire will receive an increase of 4.4% in core revenue grant from Welsh Government in 2026/27. In cash terms, after allowing for transfers of specific grants in/out of core funding and for tax base adjustments, this equates to an additional £6.15million in funding
- This represents a significantly improved position than anticipated following the initial draft settlement. It does not cover all of the costs of rising demand for Council services, particularly in Education and Social Care. There therefore remain difficult local budget choices
- We will continue constructive discussions with Welsh Government during the consultation period, pressing the case for rural areas like Monmouthshire which have unique challenges in delivering local services

To partly fund the increased investment in key services noted above, we are intending to change the way some things operate and increase our income

- The draft budget includes £2 million of service efficiencies. Our residents rightly expect us to contain our costs wherever possible and to ensure we are operating as efficiently and effectively as we can
- We plan to increase income through an indicative increase in the rate of council tax of 5.95% and through inflationary increases in charges for on-demand services. This will secure vital funding to protect essential local services. The Council Tax Reduction Scheme (CTRS) is maintained to support those who may otherwise struggle to manage the financial burden

- A cumulative impact assessment has been produced for the draft proposals which enables us to assess the overall potential impact of the budget on residents within our communities, and where any negative impact can potentially be mitigated

Open and robust scrutiny and challenge is an essential part of the budget setting process, and a public consultation process will run from January 21st until February 18th

4 Budget context and summary

- 4.1 The budget strategy for 2026/27 builds on the foundations established by Cabinet throughout its period of administration. At this stage in the administration cycle, it remains essential that the strategic principles set out in the Medium-Term Financial Strategy (MTFS) continue to guide the budget approach, with the Community & Corporate Plan framework being central to decision-making.
- 4.2 The strategy adopts a multi-year perspective wherever possible, directing resources to areas of greatest need and opportunity. It reinforces broader reforms and preventative measures designed to secure the longer-term sustainability and resilience of Council services.
- 4.3 Despite these guiding principles, difficult decisions have been necessary to prioritise services most critical to our communities. These choices ensure the Council remains financially sustainable and operates safely, while continuing to deliver on its strategic ambitions.
- 4.4 The prevailing economic climate continues to pose challenges for Local Government, as persistent inflation, increased service demand and supply chain pressures result in upward pressure on the cost of delivering local services. Despite a moderation in some cost drivers, issues such as the cost of living crisis and evolving demands within health and social care continue to impact both the community and the Council's financial planning. Notably, these include:
- The wider socio-economic landscape and cost of living challenges that continue to have an impact on our communities, with a consequential increase in demand for Council services, and impact upon income generating services.
 - The wider public sector challenges which impact upon Council services, notably within Health where efforts to improve patient pathways impact upon the level and complexity of demand for Social care.
 - Headline inflation rates remain above UK Government targets, with some discrete areas of Council services continuing to experience cost pressures on supplies and services.
 - In continuing efforts to combat inflation, interest rates have remained higher for longer and above previous UK Government forecasts.

- Expected pay growth remains above previous Government forecasts.
 - There remain increased risks around debt recovery.
- 4.5 Despite these pressures, the Council has demonstrated robust financial management, successfully navigating previous periods of austerity, recession and the pandemic. The 2025/26 budget addressed over £17 million in additional service cost pressures, and recent financial updates show an improved in-year position compared to prior years, with a projected balanced budget, and with contingency budgets intact. Should this positive trend continue through to year-end, the Council will be well-placed to stabilise its reserves and carry solid foundations into the next financial year.
- 4.6 The financial outlook for 2026/27 remains uncertain, with national and local developments expected to shape the Council's operating environment. Key influences include shifting economic conditions, political uncertainty, policy changes, the prospect of new responsibilities, funding uncertainty, ongoing pay negotiations, and evolving demographic factors.
- 4.7 Cabinet published their budget setting process and timetable at their meeting on the 19th November 2025. This highlighted an initial budget gap of £11.5m, made up of service cost increases of £17.5m, offset by modelled increases in funding of £6.0m from Council tax, fees and charges for services, and in the level of Welsh Government core grant funding.
- 4.8 Detailed work has continued since November to update the range of planning assumptions and variables that impact the Council's budget planning:
- The impact of the provisional Welsh Government settlement, announced on 24th November and supplemented on 9th December;
 - The Council Tax Base for 2026/27 approved by Individual Cabinet Member decision on 17th December 2025;
 - Confirmation of changes to required employer contributions to the Greater Gwent Pension Fund following the most recent actuarial review of the fund position;
 - Updated economic forecasts including inflation and the impact of the increases in national and real living wage announced;
 - Review of pay award assumptions in light of most recent economic forecasts, and;
 - The need to address recurrent and new service cost increases as evidenced through in-year budget monitoring.

5 Provisional Local Government Settlement

- 5.1 On the 24th November 2025, the Cabinet Secretary for Housing and Local Government announced the Provisional Local Government Settlement for 2026/27.

5.2 The headlines of the Provisional Settlement at an all Wales level were:

- On average, Welsh local authorities will receive a 2.7% increase in core revenue grant funding next financial year.
- Additional funding of £5.5 million was made available to ensure that no local authority would receive less than a 2.3% increase.
- The additional £97 million allocated during 2025/26 for the public sector to meet the UK Government's increased employers' National Insurance costs, and the £37m to meet full year pay awards for teachers, ALN Co-ordinators and local authority staff has been included in the baseline funding for 2026/27.
- There will be an increase in general capital funding by £4m to a total of £204 million to support the inflationary increases in capital projects.

5.3 This announcement was supplemented further on the 9th December with notification that a budget agreement had been reached by Welsh Government providing an additional £112.8 million for local government in Wales, ensuring an overall average increase in funding of 4.5%, with no authority receiving less than 4%.

5.4 The additional funding provided for local services is welcomed and recognises the range of pressures which continue to impact Councils in Wales in providing local support to communities.

5.5 Monmouthshire will receive an increase of 4.4% in core revenue grant in 2026/27. In cash terms, after allowing for transfers of specific grants in/out of core funding and for tax base adjustments, this equates to an additional £6.155 million.

5.6 The level of increase in settlement for Monmouthshire is linked to data underpinning the settlement, including favourable movements in comparative pupil numbers and secondary free school meals numbers. This is offset by less favourable financial distributions resulting from changes to relative population numbers and primary free school meals.

5.7 Total general capital funding will increase by £50,000 or 0.9% to a total of £5,528,000. This funding is not specific to individual capital schemes and will aid in supporting overall capital investment plans for 2026/27, as outlined later in this report.

5.8 There are specific grants that sit outside of the main block grants for revenue and capital that support the delivery of specific policy-led programmes of work determined by Welsh Government. The information on these specific grants is incomplete at provisional stage and remains at an all-Wales level. For those that have been published, these amount to over £1.3 billion for revenue and over £1.08 billion for capital. There are, however, a number of grants where details of indicative levels are still awaited and is therefore an area that will need revisiting once further information is forthcoming.

- 5.9 Of significance, the Sustainable Waste Management Grant is yet to be confirmed (£16.4 million in 2025/26 at an all-Wales level) and it remains unclear how that grant may be impacted by the allocations of funding to councils from the Extended Producer Responsibility system introduced in 2025/26.
- 5.10 The draft budget proposals exclude any impact from the potential variation in specific grant levels for 2026/27, unless these are already confirmed. The proposals take account of reductions that have been confirmed in 2025/26 and that are expected to be recurrent in 2026/27 – notably for the Inspire programme (Economic development) and Eliminate programme (Children's social care).
- 5.11 Welsh Government have continued to work to reduce the administrative burden of specific grant funding to Councils. Whilst no additional specific grants have been transferred into the main Settlement grant for 2026/27, work has been completed or is underway in other grant areas to streamline the amount of monitoring of grants to ensure Welsh Government is only collecting the information which it, with Authorities, need to understand the impact and outcomes of grant programmes.
- 5.12 The Council's response to the Welsh Government's consultation on the provisional settlement is outlined at **appendix 5**.
- 5.13 There is currently no set date for receipt of the Final Settlement, although it is anticipated that this would be no sooner than the publication date of the Welsh Government final budget on 20th January 2026. This will be earlier than in recent years and will allow for earlier certainty regarding funding. In particular, it is hoped that the allocation of the majority of specific grants will be published alongside the final settlement.

6 Budget process

- 6.1 Cabinet reaffirmed its budget framework and principles for 2026/27 in their report of 19th November 2025. The update recognised that the financial outlook in years ahead remains challenging, and that the budget for 2026/27 therefore needs to be responsible and sustainable, with a view to the medium-term.
- 6.2 The absolute choice for the proposals is to protect and sustain for now and for the future the services which we know are important to the residents of Monmouthshire without compromising the financial stability of the Council.
- 6.3 Continuing the policy intent to mitigate the impact of the budget proposals on those most in need holds primacy in the draft budget proposals that follow.
- 6.4 This is highlighted through the identification of, and investment made to address pressures in Adult's and Children's Social care, within Schools, and in Children's additional learning needs. When implementing any savings in these areas, careful consideration has been

given to minimising impact, and prioritising support for those in greatest need. Service offers have evolved and adapted to ensure the best possible outcomes for individuals in these critical areas.

- 6.5 Investment in preventative services remains a priority. This is demonstrated most prominently through the ongoing programmes of work within Social care, and in proposing within the draft budget to underwrite grant reductions for the Inspire programme (Economic development) and Eliminate programme (Children's social care).

7 Draft Revenue budget 2026/27

- 7.1 The updated revenue budget summary for 2026/27 is shown below. This is shown exclusive of precepts for Police and Community Councils to aid in comparability. These precepts are collected by the Council through Council tax on behalf of these organisations and paid directly over to them with no net impact to the Council's overall budget.

2026/27 Draft net revenue budget £000's	Adjusted 2025/26 Budget	Pay inflation	Non-pay inflation	Service cost increases	Service investment	Service efficiencies or income	Service reforms	Fees & charges	Other Adjustment	Proposed 2026/27 Budget	Increase	Increase %
Children, Learning, Skills and Economy	72,848	1,965	449	153	1,734	(887)		(6)		76,256	3,408	4.7%
Social Care & Health	77,460	1,171	1,295	2,387	1,638	(500)	(1,252)	(365)		81,832	4,372	5.6%
Infrastructure	24,875	622	611	35	200	(122)		(263)		25,957	1,083	4.4%
Place & Community Wellbeing	5,561	186	63	220		(109)	(40)	(71)		5,809	249	4.5%
Resources	8,623	292	119	394		(345)		(64)		9,018	395	4.6%
People, Performance and Partnerships	6,130	197	33	214	166	(17)				6,723	593	9.7%
Law & Governance	3,036	91	5	133			(16)			3,249	213	7.0%
Debt financing, Levies & Insurances	19,268	0	109	0		(135)			2,332	21,574	2,306	12.0%
Total expenditure	217,801	4,523	2,683	3,536	3,738	(2,115)	(1,308)	(769)	2,332	230,420	12,619	5.8%
Aggregate External Financing (AEF)	(138,560)								(6,155)	(144,715)	(6,155)	4.4%
Council Tax base and rate	(78,626)								(5,449)	(84,075)	(5,449)	

Council Tax Premium	(615)								(42)	(657)	(42)	
Total income	(217,801)	0	0	0	0	0	0	0	(11,646)	(229,447)	(11,646)	
Remaining budget shortfall	0									973		

- 7.2 The draft budget proposed recognises the pressures on key frontline services and increases funding for Social Care & Health by 5.6%, for Education by 4.7%, for Place & Community Wellbeing (including Leisure) by 4.5%, and for Infrastructure by 4.4%.
- 7.3 This includes an additional £1m investment directly in local school budgets for the second consecutive year to meet the demands that schools are facing in maintaining attendance levels and improving standards. This investment is above meeting in full all pay and pension related pressures in schools. This is the equivalent of an additional £95.97 per pupil, between £72,000 and £132,000 additional for Secondary schools, and an additional £20,000 for a 210-place primary school.
- 7.4 Overall school balances remain in deficit with many schools continuing to progress against agreed deficit recovery plans. There is a strong expectation that through this recurrent additional investment schools and their elected governing bodies will work closely with the Council in setting and robustly managing their budgets, ensuring that they remain focused on achieving financial sustainability while maintaining the quality of educational standards provided. This collaborative approach is essential to address ongoing budgetary challenges and to support the long-term goal of bringing school finances back into balance, thereby safeguarding resources for both current and future pupils.
- 7.5 Additional investment of £1m into Social care maintains the overall increase in funding of 5.6% and continues to support existing programmes of preventative work and Adults and Children requiring care. This commitment to increased funding ensures that the Council is able to respond proactively to the evolving needs of the community, strengthening the capacity of preventative services while also addressing the complex and growing demands within both Adults and Children's social care. By bolstering these essential services, the Council is laying the groundwork for more resilient support networks, which will underpin broader efforts to tackle inequalities, protect vulnerable groups, and promote overall wellbeing throughout the County.
- 7.6 The proposed investments in gully cleaning and street-sweeping services are designed to strengthen the Council's ability to manage surface water and reduce flooding risks across the county. By increasing gully-cleaning capacity from two teams to three the Council will be able to clean drainage assets more frequently and thoroughly, improving resilience to more frequent and severe weather events.

- 7.7 Similarly, expanding street-sweeping capacity through the addition of two staff members will ensure more debris is collected before it reaches the drainage system. This proactive approach will help maintain effective water flow, reduce blockages, and minimise surface water issues during adverse weather.
- 7.8 There will continue to be a focus on tackling inequalities and to protect the most vulnerable in our society. This means our in-County support for additional learning needs provision will increase, alongside further support for vulnerable learners and Social Emotional Mental Health (SEMH) provision.
- 7.9 Investment is being made in preventative services through:
- The Inspire programme to support those at risk of not being in Education, Employment, or Training (NEET).
 - Children's social care through maintaining levels of Family support programmes to offset reductions in grant funding.
- 7.10 There is further investment in our Foster carer service to retain and recruit valued carers and to recognise their essential skills, patience, time, and the resources that it takes to support some of the most vulnerable children in our County.
- 7.11 The budget proposes an above inflation increase to the Citizens Advice Monmouthshire grant funding contribution to recognise the valuable role this service plays in supporting local residents.
- 7.12 There will be an increase in investment in library books and materials which will enhance the quality and accessibility of resources across the County, supporting educational and cultural enrichment for all. This positive step will not only keep our collections current and relevant but also strengthen the standing of this valued service in national rankings under the Welsh Public Library Standards.
- 7.13 Welsh language provision will see investment to deliver against the Welsh in Education Strategic Plan (WESP). Establishing a dedicated Welsh Language Officer will ensure statutory compliance and strengthen governance, supporting schools in complying with the 2030 requirement for schools to deliver 10% of the curriculum through the medium of Welsh.
- 7.14 Whilst difficult choices have had to be made in order to protect services, the services that are available to residents this year will remain available in 2026/27. Waste collections will remain the same. Leisure centres, recycling centres, libraries and community hubs are all remaining open.
- 7.15 In order to conserve an appropriate and prudent level of financial resilience, the draft budget for 2026/27 will continue to avoid any dependency on the use of revenue reserves to support recurrent revenue expenditure. The Council tax premium reserve that has been

developed through the charging of premiums on empty and second homes will be drawn upon to support the costs of Housing and Homelessness, building upon the programmes of work in place for Homelessness prevention and Housing sustainability programmes.

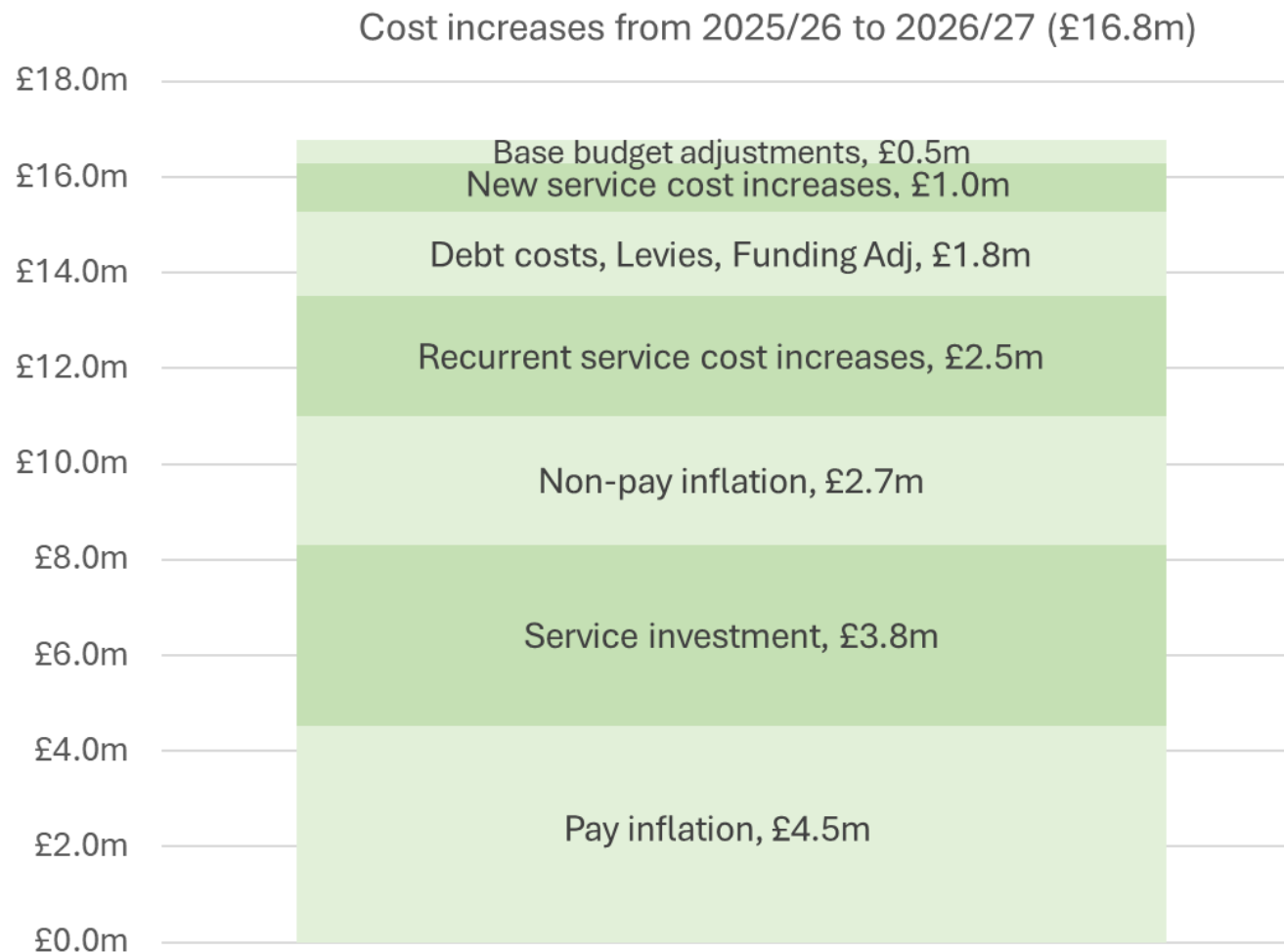
How the cost pressures will be met

- 7.16 Cabinet has explored all options available to meet the original budget gap including the flexibilities within the grant support from Welsh Government, savings from service efficiencies and reforms, additional income through raising fees and charges, and through council tax base and rate changes. The Council will continue to utilise capital receipts up to a maximum of £2.7 million to meet qualifying revenue expenditure that looks to generate longer term organisational change that enables delivery of services more efficiently and effectively.
- 7.17 The settlement from Welsh Government provides a grant funding increase of 4.4% or £6.15 million which provides much needed support for services. However, this increase does need to be taken in the context of the £16.8 million of additional costs the Council is managing through the budget process.
- 7.18 It is proposed that additional income of £0.8m for 2026/27 will be generated through an inflationary increase of 3.8% in discretionary fees & charges for services.
- 7.19 Services have identified £2.1 million of efficiencies within service delivery and additional opportunities to meet existing costs from alternative funding.
- 7.20 The remaining sum of £7.7 million can only be met through a combination of service reforms or reductions and through council tax increases.
- 7.21 Striking the right balance between council tax increases and the reform or reduction in services that support the most vulnerable in our community is not easy and involves inherent choice.
- 7.22 The draft budget proposes a council tax increase of 5.95%, and when taken alongside growth in the Council tax base numbers introduces additional income of £5.4 million. This equates to an increase of £2.08 per week for a Band D property. We anticipate that 63% of households will meet this charge in full, with the remaining 37% benefiting from a dispensation. The final level of Council Tax will only be decided following the consultation process as part of the final budget proposals.
- 7.23 The remaining shortfall of £2.3 million will be partially met by service reform proposals of £1.25 million which are set out in Section 9 and with further information attached at **appendix 1**. An assessment of their cumulative impact is provided at **appendix 2 and 3**.
- 7.24 This leaves a budget gap at draft budget setting stage of £0.97 million which will need to be resolved in full by the time that the final budget is set by Council in March 2026.

- 7.25 It is recognised that a budget process is always dynamic and further work will continue to be carried out to review opportunities for further service efficiencies. It is expected that the final Welsh Government settlement due towards the end of January will give further clarity on the level of specific grants and how these may aid in closing the remaining budget gap. The Council's in-year budget position is currently positive and may provide an opportunity to also aid in the final budget setting. There also remain options open to the Council to look at its funding through council tax, fees and charges, and reserves.

8 Details of additional cost pressures for 2026/27

- 8.1 The revised additional cost pressures estimated for 2026/27, compared to 2025/26 are £16.8m, or 8% of the Council's budget.



- 8.2 Pay inflation for 2026/27 has been modelled using all-Wales data including evidence provided by the Welsh Local Government Association and feedback from national employers and is anticipated to introduce further budgetary pressure of £4.5 million.
- 8.3 The draft budget includes an additional £3.8 million of service investment, predominantly within the frontline services of Social care, Education, Additional Learning Needs, preventative services, and in road infrastructure. These are outlined in further detail in **appendix 1**.
- 8.4 An inflationary uplift of 2% is applied to non-pay budgets which introduces a £2.7 million additional cost pressure.
- 8.5 There are recurrent service cost increases of around £2.5 million being experienced in the current 2025/26 financial year that are expected to remain for 2026/27. These are predominantly demand driven and centred around the increasing need for Social care. In addition, there are a small number of services currently experiencing reductions in income that will require budget adjustments as income levels are not expected to immediately recover.
- 8.6 Alongside this, services have indicated that a further £1.0 million of new demand and inflationary led service pressures are expected to materialise in 2026/27. These predominantly relate to contract increases that are estimated to be over and above the level of inflationary allowance made within the budget modelling.
- 8.7 Both the recurrent and newly identified service pressures are outlined in further detail in **appendix 1**.
- 8.8 Base budget adjustments of £0.5m have been made to the model to reflect technical adjustments in respect of:
- The recurrent shortfall in funding for the increased cost of employer's national insurance contributions of £0.7 million.
 - The reversal of previous budget adjustments to reflect changes in assumptions of the level of Waste grants of £2.1 million.
 - Offset by;
 - The reduction in employer's pension fund contributions of £2.0 million.
 - The transfer of grant funding into the Welsh Government main settlement for Teacher pay pressures of £0.3 million.
- 8.9 Debt financing costs are anticipated to increase by £0.8 million following a review of expected interest levels for 2026/27. Budgets that cover payments for external levies respect of Fire, Drainage and National Parks will increase by £0.3 million, offset by reductions in other centrally controlled budgets. Support from capitalisation direction will be reduced by £1 million in line with forecasts of available capital receipts over the medium-term.

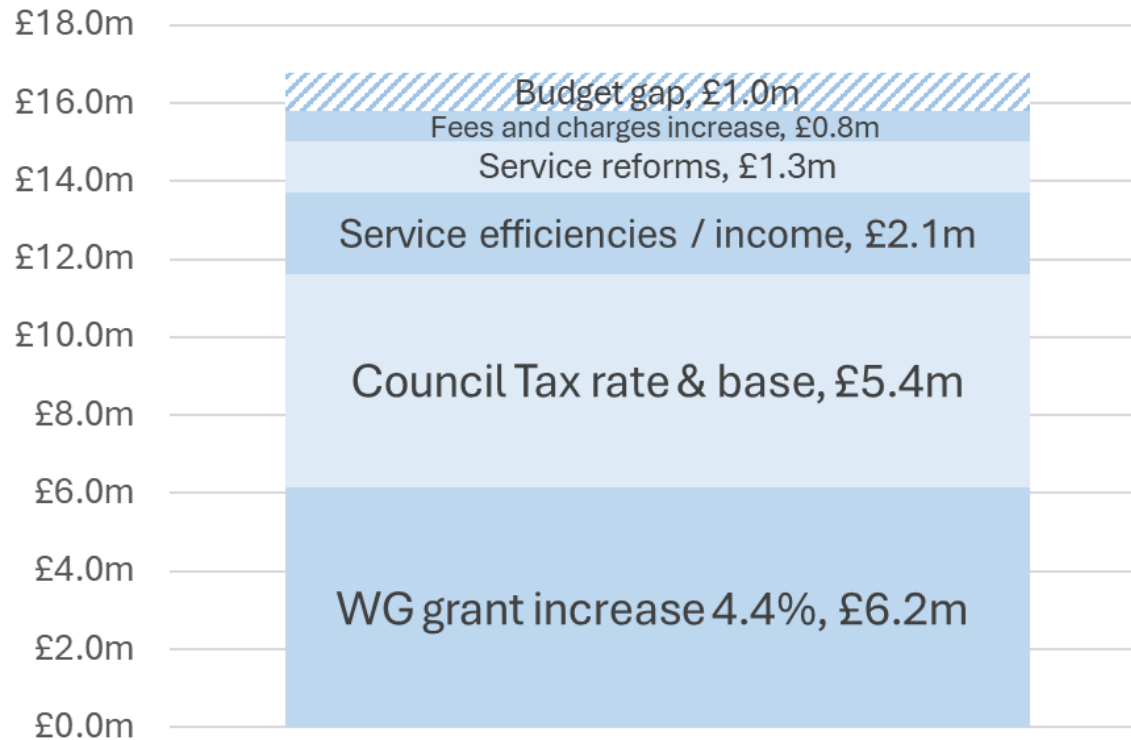
Service cost increases and Investment

- 8.10 Service cost pressures and the need for further investment has been subject to rigorous review culminating in a total of £7.3 million being included as part of the draft budget proposals. A summary table is provided below with more detail provided in **appendix 1**.

Pressures by Directorate	Recurrent 2025/26 Cost increases	New cost increases	Service Investment	Total
	£000	£000		£000
Learning, Skills and Economy	55	98	1,734	1,887
Social Care & Health	2,062	325	1,638	4,024
Infrastructure	0	35	200	235
Place & Community Wellbeing	220	0	0	220
Resources	130	264	0	394
People, Performance and Partnerships	0	214	166	380
Law & Governance	50	83	0	133
Totals	2,517	1,019	3,738	7,274

9 Details of Cost reductions, income flexibilities, and grant funding for 2026/27

How cost increases will be mitigated



Service efficiencies and additional income flexibilities

- 9.1 The draft budget proposes service efficiencies and use of additional income of £2.17 million. A summary of these proposals by service area is shown below with further details outlined in **appendix 1**.

Directorate	2026/27
	£000
Learning, Skills and Economy	(887)
Social Care & Health	(500)
Infrastructure	(122)
Place & Community Wellbeing	(149)

Resources	(345)
People, Performance and Partnerships	(17)
Law & Governance	(16)
Energy Costs	(135)
Total	(2,171)

Service reforms

- 9.2 The draft budget proposes service reforms of £1.25 million. These relate to continuation of previous programmes of change within Children's social care placement strategy, and within the strategic approach to meeting the demand for Adult domiciliary care.
- 9.3 **Children's Care Planning & Placement Strategy** - The service will deliver savings by strengthening care planning so that children move into placements better aligned with their assessed needs and at lower cost. This includes maximising the use of in-house foster carers and supporting the wider placement development strategy as new in-county provision becomes operational.
- 9.4 **Consolidation of vacancies in In-House Adults domiciliary care** - Savings will be achieved by safely consolidating underspent staffing capacity within the in-house domiciliary care workforce. The underspend stems from additional commissioned provider capacity for long-term care at home. The approach supports continued expansion of the reablement service, enabling more individuals to receive short-term, intensive interventions that reduce or delay long-term care needs. This maintains independence, improves wellbeing outcomes, and reduces reliance on more costly long-term packages.
- 9.5 Further details are outlined in **appendix 1**.

Fees & Charges

- 9.6 The Council raises a significant amount of income to support service delivery from charging for discretionary services. The draft budget proposes that these are increased at least in line with the prevailing rate of inflation in the September prior to the financial year. This results in an increase in charges of at least 3.8%, totalling £0.77 million. A summary of these increases by service area is shown below with further details outlined in **appendix 6**.

Directorate	2026/27	Description
	£000	
Learning, Skills and Economy	(6)	Licences

Social Care & Health	(365)	Housing, Adult Social care, Public health, Licencing, Registrars, Community meals
Infrastructure	(263)	Traffic & Road Safety, Streetworks, Floods & SuDS, Waste, Grounds, Transport
Place & Community Wellbeing	(71)	Car parking, Building control, Development control
Resources	(64)	Cemeteries, Allotments, Finance
People, Performance & Partnerships	0	
Law & Governance	0	
Total	(769)	

Council Tax rate, base and premiums

- 9.7 A Council tax increase of 5.95% is proposed for 2026/27. For a current Band D property this will equate to a charge of £1,926.45 (Council element only that excludes Community council or Police precept) and would illustratively be an additional £108.19 a year or £2.08 a week.

Illustrative weekly impact of a 5.95% increase in Council tax rate									
Bands	A	B	C	D	E	F	G	H	I
Increase per week	£1.39	£1.62	£1.85	£2.08	£2.54	£3.01	£3.47	£4.16	£4.85

- 9.8 Overall, the Council Tax base calculated for 2026/27 has risen by 0.8% compared to 2025/26. This increase reflects the current level of exemptions and discounts, anticipated changes in dwellings and the inclusion of council tax premiums
- 9.9 Any income generated from council tax premiums (net of administration expenditure) will be transferred to an earmarked reserve to be used in future to further the Council's progress in addressing housing issues in the County.
- 9.10 The estimated total additional income from Council tax base changes, net of premiums and changes to CTRS (Council Tax Reduction Scheme), is £771,000.

Reserves and Capital Receipts strategy

- 9.11 Cabinet have been clear in their budget strategy framework that there is a need to maintain a financially sustainable path for the Council including conserving an appropriate and prudent level of financial resilience.
- 9.12 Reliance on revenue reserves to fund core revenue expenditure should be avoided because they are a finite resource. This means that using reserves in this way immediately creates a funding gap in the budget for the following year.
- 9.13 The draft proposals include a net draw on earmarked reserves of £104,963 to fund time-limited programmes of work. A breakdown of the estimated contributions to/from earmarked reserves is shown below.

	2025/26 £'000's	2026/27 £'000s
Contributions to Earmarked reserves:		
Council Tax premium reserve	(615)	(657)
Elections Reserve	(50)	(50)
Solar Farm maintenance	(23)	(23)
Waste risk management reserve	(1,790)	(0)
Grass Routes to School Reserve	(5)	(5)
Total contributions to reserves	(2,483)	(735)
Contributions from Earmarked reserves:		
Redundancy and Pensions Reserve	88	88
Priority Investment Reserve	405	0
ICT Transformation Reserve	4	49
Council Tax premium reserve	253	503
Ukrainian Reserve	200	200
Total contributions from reserves	950	840
Net total	(1,533)	105

- 9.14 The draft budget includes the use of £2.7m of capital receipts to fund the one-off revenue costs associated with organisational change. This approach continues to be reviewed over the medium-term as receipt generation and usage materialises. Drawing on capital receipts in this way reduces the balance available to fund any capital expenditure which may consequently increase the Council's need to borrow to fund the expenditure.
- 9.15 Over the medium term, overall earmarked reserve levels are expected to remain relatively stable. However, it is important to note that Monmouthshire currently has the lowest reserve cover as a percentage of net revenue budget in Wales. This has necessitated a revised reserves policy that prioritises the protection of revenue reserves to safeguard against both anticipated and unforeseen risks.

Budgeted useable reserve balances					
Financial Year ending	2026	2027	2028	2029	2030
	£000's	£000's	£000's	£000's	£000's
<i>Council Fund</i>					
Council Fund	(10,724)	(10,724)	(10,724)	(10,724)	(10,724)

School Balances	7,062	7,062	7,062	7,062	7,062
Total General Fund balance	(3,663)	(3,663)	(3,663)	(3,663)	(3,663)
<i>Earmarked Reserves</i>					
Invest to Redesign Reserve	(1,189)	(1,189)	(1,189)	(1,189)	(1,189)
IT Transformation Reserve	(662)	(464)	(361)	(258)	(155)
Insurances & Risk Management Reserve	(925)	(925)	(925)	(925)	(925)
Capital Receipt Generation Reserve	(314)	(314)	(314)	(314)	(314)
Treasury Equalisation Reserve	(590)	(590)	(590)	(590)	(590)
Redundancy and Pensions Reserve	(593)	(505)	(417)	(329)	(240)
Capital Investment Reserve	(250)	(250)	(250)	(250)	(250)
Community & Corporate Plan Priority	(150)	(150)	(150)	(150)	(150)
Programme of Change	(200)	(200)	(200)	(200)	(200)
Pay Inflation	(130)	(130)	(130)	(130)	(130)
Sub Total Earmarked Reserves	(5,003)	(4,717)	(4,526)	(4,335)	(4,144)
Partnership Reserves	(1,762)	(1,612)	(1,487)	(1,537)	(1,587)
Service Reserves	(3,050)	(3,078)	(3,106)	(3,134)	(3,162)
Council tax premium reserve	(1,457)	(1,611)	(1,791)	(1,998)	(2,233)
Sub Total - other Earmarked reserves	(6,269)	(6,301)	(6,384)	(6,669)	(6,982)
Total Useable Revenue Reserves	(14,934)	(14,681)	(14,573)	(14,667)	(14,789)

10 Budgetary Risk and uncertainty

- 10.1 **Increasing service demand** – levels of demand for high-cost Council services has been volatile over recent years. These stem from cost of living issues coupled with population and demographic changes. These are most acute in Social care, Education and Housing services and will need to be monitored closely as the financial year develops.
- 10.2 **Funding** - The Provisional Settlement provides some details on specific grants. However, information is at an all-Wales level and with a number of grants indications still awaited. Of significance, the Sustainable Waste Management Grant is yet to be confirmed (£16.4m in 2025/26) and may be impacted by the indicative allocations of funding to councils from the Extended Producer Responsibility system.
- 10.3 **Annually allocated grant funding** - where annually allocated specific grants remain unconfirmed, any variation in funding levels could directly impact the Council's ability to deliver planned services or projects, potentially requiring the reprioritisation of activities or the identification of alternative funding sources at short notice. There remains an associated risk that staff employed through these grants will not have certainty regarding their roles beyond the end of the financial year which can also impact upon staff retention.

- 10.4 **Service reforms** - The draft budget requires service reforms of £1.25 million to be delivered which is significantly lower than the levels seen over recent years. Nevertheless, it is essential that these programmes of work are stood up or continued with effect from the start of the financial year in order to deliver a full year impact.
- 10.5 This will be particularly important within Social Care where reforms totalling £1.25 million will be expected to be delivered within a service which continues to experience challenging levels and complexity of demand, coupled with significant workforce pressures. This is expected to be mitigated by the fact that the reforms are a continuation of the existing programmes of change which are already well underway within the service.
- 10.6 **Pay awards** - Uncertainty will remain around the pay awards for local government staff and teaching staff. Actual pay awards will not be confirmed nationally by independent pay bodies until later in 2026 and therefore further consideration may need to be given in-year to adjust pay budgets at that time. Whilst the pay award assumptions factored into the budget are set at a level which is seen as prudent, there remains an unknown risk of the effect of the wider economic and political landscape as we move through 2026.
- 10.7 **Income and Debt recovery** - The ongoing cost-of-living crisis continues to affect household disposable income, which in turn impacts demand and collectability for income-generating Council services.
- 10.8 **Economic factors** – Any significant variation in inflation and interest rates from forecast levels will impact the cost of goods, services, and borrowing. This will affect both the Councils own direct expenditure and the costs incurred by suppliers and service providers. Although the Consumer Price Inflation (CPI) rate has fallen from the historic peaks seen in recent years, it remains above the Bank of England's 2% target. Current projections indicate that CPI could reduce to approximately 3.2% in 2026/27, but inflation remains highly volatile and sensitive to external factors such as global energy prices, supply chains, and geopolitical events.
- 10.9 **Labour market** - Labour shortages in areas like social care and in specialist roles are driving up the cost of commissioned services.

11 Draft Capital budget

- 11.1 The latest iteration of the capital budget strategy was updated and approved by Council in March 2025. Whilst an updated capital strategy for 2026/27 will be considered by Council alongside the treasury strategy at its meeting on 5th March 2025, the underlying principles of the strategy remain fit for purpose and have been used in preparing the draft capital budget proposals.
- 11.2 The capital strategy requires the capital programme to be financially sustainable without leading to borrowing levels that are unaffordable, unsustainable and imprudent.

- 11.3 The draft capital budget proposals for 2026/27 continue to support the priorities of the Council and are wholly aligned with the priorities set out in the Community and Corporate Plan. Notably this includes ensuring that resources are aligned to meet the plans for tackling the longer-term challenges that communities and public sector organisations are facing.
- 11.4 In recent years the capital programme has very much been dominated by the investment in the new Abergavenny 3-19 school which involved total investment of £70m in creating the first operationally Net Zero Carbon 3-19 School in Wales.
- 11.5 With that investment now falling away from the programme, the current four-year capital programme very much represents a consistent investment into maintaining the Council's infrastructure base through planned investment in:
- Property and county farms maintenance
 - Highways infrastructure & transports schemes
 - Disabled facilities grants & access for all
 - Match funding to leverage external grant opportunities to invest in infrastructure
 - Investment in the Cardiff capital city region deal
 - Funding of eligible revenue costs associated with service reform, to support the draft revenue budget
 - ICT investment
- 11.6 The Capital programme is impacted by the same external factors impacting upon the revenue budget and outlined in detail earlier in this report. Some discrete areas of inflation, supply chain issues and internal resourcing capacity mean that current capital budgets are being delayed or deliver less for the same amount of budget.
- 11.7 Whilst the Council's current planned investment in asset infrastructure maintenance partially addresses the need for maintaining the existing estate, a significant backlog remains outside the core capital programme. These pressures stem from an ageing asset base and the ongoing expansion of infrastructure resulting from continued investment over time.
- 11.8 Over time the risks linked to these backlog pressures increase if existing maintenance programmes are unable to keep pace with requirements. More frequent severe weather events over recent years have added to number and severity of the backlog pressures being faced.
- 11.9 The budget process for 2026/27 has identified that a number of these backlog pressures are at a stage where significant intervention to address the issues faced will be required over the medium-term financial plan window. A number of these will require full business cases to be brought through the Council process to fully understand the risks, options, funding requirements, and timing of intervention required. These do not naturally lend themselves to being managed within an annual budget setting process and as such will come forward as standalone business cases. The examples of these pressures are discussed more fully in the capital pressures sections that follow.

11.10 Capital funding

Grants and contributions

- 11.11 The provisional settlement outlines that the Council's general capital allocation will be £5.528 million, which represents a £50,000 increase from 2025/26. Whilst the additional capital funding allocated by Welsh Government is welcomed, this does represent less than a 1% increase year-on-year which does not keep pace with inflationary uplifts in existing annual programmes of work.
- 11.12 The settlement also maintains an additional revenue grant budget allocation to enable Councils to fund further borrowing to support Highways capital pressures.
- 11.13 Clarification will be required on the specific capital grant funding streams published and where there are initial indications from Welsh Government that these could be removed or consolidated, or that the criteria are being tightened and that may impact on some of the pressures and bids for investment being considered. This may also need further consideration in the final budget proposals.
- 11.14 The core capital programme does not generally include specific grant funded schemes as a consequence of such funding announcements and grant awards not being confirmed in time to feature in the final budget proposals. Unless already confirmed, these are added to the capital programme during the year.

Capital receipts

- 11.15 The level of capital receipts anticipated over the next 4-year window has not been increased from recent forecasts as the Council awaits the conclusion of the replacement Local Development Plan.
- 11.16 The Council continues to use the benefit of Welsh Government guidance that allows the Council to make flexible use of capital receipts to meet revenue expenditure associated with service reform. As noted within this report, the 2026/27 revenue budget proposals include the proposed use of capital receipts for this purpose of £2.7m. It is accepted that this is not a sustainable long-term means by which to support the revenue budget but is seen as necessary given the immediate financial challenges.
- 11.17 This support is currently modelled to taper down to zero by 2029/30, however this will be very much dependent upon the degree to which the service reform that this investment allows results in cashable revenue budget savings over the medium term.
- 11.18 The table below illustrates the forecast balance on the useable capital receipts reserve over the medium term taking into account current capital receipts forecasts provided by Landlord Services and revised balances drawn to finance forward indicative budgets.

Forecast Useable Capital Receipts	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Balance as at 1st April	(6,083)	(4,310)	(3,830)	(2,876)	(2,221)

Less: capital receipts used for financing	606	50	50	50	50
Less: capital receipts used to support capitalisation directive	3,770	2,708	1,708	708	0
Capital receipts received	(2,500)	0	0	0	0
Capital receipts forecast	(103)	(2,278)	(803)	(103)	(103)
Forecast Balance as at 31st March	(4,310)	(3,830)	(2,876)	(2,221)	(2,274)

Borrowing

- 11.19 Beyond utilising grants and capital receipts, the Council's remaining recourse to fund capital investment is through borrowing. Any borrowing undertaken directly impacts on the revenue budget through principal repayments (via Minimum revenue provision), and interest payments.
- 11.20 In light of the current pressures on the Council's medium-term revenue budget, and the principles on which any borrowing must be taken of affordability, prudence and sustainability, any further use of borrowing will always need to be carefully assessed. There are a number of prudential indicators which aid in making assessment of the affordability of borrowing, and these will be updated within the Treasury management strategy that will be considered by full Council alongside the budget in March.
- 11.21 Financing capital investment through borrowing simply transfers the total cost to future revenue budgets. However, deferring capital maintenance can increase total asset lifecycle costs and may necessitate larger one-off investments in later years. Striking the right balance between these issues is never easy and the impact is often obscured in medium-term financial planning, as asset lifespans typically exceed four years.
- 11.22 **2026/27 Draft Capital budget**
- 11.23 The draft capital budget for 2026/27 and indicative medium-term programme is shown at **appendix 4**.
- 11.24 At draft budget stage, a number of immediate capital pressures have been identified by services, principally within the areas of urgent health and safety works, and legal and regulatory obligations.
- 11.25 An initial scrutiny exercise has been carried out of these pressures which has resulted in a small number being endorsed for inclusion in the draft budget for 2026/27. These total £5.486 million and represent inescapable pressures that if not funded would result in an unacceptable level of legal or regulatory risk for the Council.

- 11.26 A total of £4.96 million will be invested over a two-year period in the refurbishment of the existing Chain Bridge which is a Grade II listed structure that carries the B4598 Abergavenny to Usk road over the River Usk at Kemeys Commander. The scheme will include improvements to the bridge to increase its life span and retain the bridge as a key connection between the surrounding local villages. Grant funding of £2.25 million has been secured from the Regional transport delivery plan to support the project.
- 11.27 An additional £1.69 million will be invested in Highways structures and carriageway resurfacing to address the backlog in maintenance of some of the County's key infrastructure. This will include works to Footways, Bridges, Retaining walls, and road resurfacing to address some of the highest risk pressures.
- 11.28 Investment of £352,000 will be made to address backlog pressures in the Public rights of way network. This will include improvements to signage, drainage, stiles & gates, and associated bridge repairs.
- 11.29 At the draft budget stage, funding totalling £4.988 million has been allocated to address these pressures, leaving a funding shortfall of £498,000. Efforts will continue between the draft and final budget stages to identify additional sources of funding to bridge this gap. Potential solutions include clarification of specific grant allocations, repurposing existing capital schemes, or, if necessary, further borrowing as a measure of last resort.
- 11.30 There remain a number of capital pressures put forward that could not be accommodated within the annual budget cycle. This is due to a number of reasons including:
- further information or clarity being needed on scheme requirements, timings, or costings.
 - investment options requiring a more comprehensive evaluation.
 - the need for investment outcomes to demonstrate alignment with Community & corporate plan priorities.
 - the need to establish funding support through external grant streams to make the scheme financially viable.
- 11.31 These investments will be progressed over the coming months as better information becomes available and where a full business case can be established that proves the requirement for investment. Any resultant scheme approval will follow established procedures.
- 11.32 The schedule of capital pressures brought forward is shown below with an indication of the decision made on investment at draft budget stage:

Capital pressure	Priority category	Budget requested £000's	Budget Recommendation £000's	Draft budget decision
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Highways & Structures, Carriageways	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	1,692	1,692	Recommended - To be partially funded from additional borrowing headroom provided in settlement
Public rights of way – structural repairs, surveys and closures	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	352	352	Recommend in full
Car parks – resurfacing	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	100	100	Recommend in full
Road Safety Improvements & Signing Upgrades	Health & Safety, Legal and regulatory	32	32	Recommend in full
Flood alleviation	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	19	19	Recommend in full
Property maintenance - Asbestos maintenance	Health & Safety, Legal and regulatory	200	200	Recommend in full
Property maintenance – School condition surveys	Health & Safety, Legal and regulatory	150	150	Recommend in full
Property maintenance – Contract inflation uplifts	Health & Safety, Legal and regulatory	154	154	Recommend in full
Wye Bridge Chepstow - Scour repair and monitoring costs	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	330	330	Recommend in full
Chainbridge refurbishment 2026/27 - £2,457k 2027/28 - £2,500k	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	2,457	2,457	Recommend in full. Year 2 cost to be added to indicative programme
Disabled facility grants – increase in budget from £900k to £2.8m	Spend to save transformational works, Deliver corporate plan priorities	1,900	0	Not recommended – would require a full business case with evidence of outcomes that align with C&C Plan

Gilwern Viaduct Refurbishment	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	4,000	0	Not recommended at this stage – further investigation works required to establish replacement /refurbishment options and develop full business case
Staunton Road Stabilisation	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	6,000	0	Not recommended at this stage – further investigation works required to establish preferred option and develop full business case
Wye Bridge Chepstow - bridge solution	Health & Safety, Legal and regulatory, Addresses major infrastructure investment	2,500	0	Not recommended at this stage – further investigation works required to establish preferred option and develop full business case
Monmouth Wyebridge - Active Travel Bridge	Community & Corporate plan	250	0	Not recommended at this stage – further investigation works required to establish preferred option and develop full business case
Total		20,136	5,486	

11.33 Initial funding allocations secured to meet the proposed capital investment is as follows:

Funding stream	Value £000's
2026/27 Capital settlement increase	50
2026/27 Settlement increase - Highways borrowing	1,507
Unallocated budget brought forward	610
Reduction in ICT budget identified	21
Contingency budget for 2025/26 unutilised	1,300
Grant funding – Regional transport delivery plan	1,500
Total	4,988
Budget shortfall	498

11.34 The increase in borrowing for 2026/27 from the levels already budgeted for is £1,507,000, for which full revenue budget funding has been provided by Welsh Government in their provisional revenue settlement. It is important that the overall affordability of borrowing is regularly reviewed by Members, and this will be a feature of the updated Treasury Management Strategy Statement that will be presented to full Council on the 5th March 2026, which will incorporate a range of prudential indicators that look to ensure that the Council's level of borrowing remains prudent, proportionate and sustainable.

11.35 The draft capital programme will continue to be reviewed prior to final budget setting to establish the suitability of schemes, and principally:

- Whether all schemes remain relevant to current Council priorities;
- Are current budgets allocated still realistic given factors such as inflation, supply chain issues and internal capacity to deliver;
- Are there any more urgent schemes coming forward as a result of updated information, changes to backlog pressures, or condition surveys that need to displace existing schemes;
- Whether there are any further external funding opportunities;
- Does the capital programme remain prudent and affordable in light of the wider economic pressures and revenue budget gap;
- Does potential slippage from the 2025/26 capital budget provide opportunities to re-purpose existing budgets to allow one-off investment in immediate capital risks.

12 Budget consultation & engagement

12.1 The information contained in this report constitutes the draft budget proposals that are now made available for formal public consultation and member scrutiny, including the requirement to consult businesses. The formal consultation period will run for a period of four weeks ending on 18th February 2026.

12.2 Whilst there are comparatively fewer budget proposals than in recent years, the Council remains committed to the consultation process and listening to feedback. It is important that Cabinet gain views on items such as the proposed rate of Council Tax increase, budget investments proposed, including those for schools and social care, and how budget risks are being managed. This will in turn inform the final budget proposals that are to be considered in March.

12.3 This is the opportunity for Council Members, residents, service users, community groups, and other key stakeholders (e.g. town and community councils) to consider the budget proposals and make comments on them. Cabinet will not however, be prepared to recommend anything to Council that has not been subject to a Future Generations Assessment and Equality Impact Assessment, and therefore a deadline to receive alternative budget proposals has been set as 18th February 2026.

12.4 The Council will look to purposefully engage via:

- **Face to face and virtual engagement events – Countywide and targeted**
- **Special budget page on Council website**
- **Online survey and social media campaign**
- **Council scrutiny meetings – Jan-Feb 2026**

- 12.5 Further information on consultation events will be made available on the Council website [here](#), along with ways for people to engage in and respond during the consultation process.
- 12.6 Final budget proposals following consultation and receipt of the final settlement will go to the Cabinet meeting on 4th March 2026 and approval of Council Tax and final budget proposals will take place at full Council on 5th March 2026.

13 OPTIONS APPRAISAL:

- 13.1 Directorates have been required to consider and outline the options that have been considered for each of their budget proposals identified in this report. These have been considered and scrutinised by Departmental Management Teams, Finance teams, the Strategic Leadership Team, and by Cabinet.
- 13.2 The means of assessing whether the final budget proposals for 2026/27 have been successfully implemented is undertaken throughout the year via regular budget monitoring and periodic reports to Cabinet and then to Select committee for scrutiny.
- 13.3 Alongside the Community and Corporate Plan, the Council continues to develop and monitor the performance of the Council against service business plans. Taken together these arrangements enable the Council to evaluate its success and progress against its longer-term plans within the resources available.

14 REASONS:

- 14.1 To agree the draft budget proposals for 2026/27 for consultation purposes.

15 RESOURCE IMPLICATIONS:

- 15.1 As identified in the report and appendices.

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

- 16.1 A cumulative impact assessment has been produced for the draft proposals and is attached at **appendix 2**. This is supported by individual directorate impact assessments shown at **appendix 3**. This enables the Council to assess the overall potential impact of the budget on people within our communities. It is recognised that the proposals will affect different groups of people in different ways and the impact is evaluated on those people who possess protected characteristics. The Council also considers the cumulative financial impact of the proposals on households at different income levels. Finally, the assessment also looks at the budget through the lens of sustainable development principle established by the Well-being of Future Generations Act.
- 16.2 It is inevitable that the assessment has identified impacts on some groups of people. Local authorities provide universal services such as highways and waste collections which bring benefits to all. However, many of our services such as education and social care are delivered to proportionately higher numbers of disabled people, younger and older people. The assessment highlights the anticipated positive effects of increasing expenditure on certain groups. For example, the potential positive impact of providing additional funding to support Additional Learning Needs in education and meeting the costs of increasing and more complex cases in adults and children's social care. These will bring benefits to younger, older people and disabled people. It also shows that increased charges for services such as community meals and residential care could have a potential negative impact on some of the people with these protected characteristics.
- 16.3 The development of the impact assessment has been an iterative process and has been produced alongside the budget proposals. This means that we have been able to understand the potential impacts and adjust our thinking as we have gone along. As a result, we have been able to adjust some proposals or introduce mitigating actions to lessen the impact of some of the difficult decisions we are faced with, on the most vulnerable in our communities. In services such as domiciliary care, national caps applied to charges, and the application of means testing significantly lessens the impact of rising costs on those least able to afford the increases.
- 16.4 The nature of the services we provide means that almost any change to a council service will have a socio-economic impact. We know, for example, people on lower incomes will be more affected by increased fees and charges. The assessment models the potential financial cost of proposed increased fees and charges on different household compositions and income levels and sets out what these would have been if we had not developed mitigating actions to reduce the effects. For example, it shows that for a household of two adults, with two dependent children and one older person with an income of £36,000, the mitigations we put in place reduced the potential impact from the increased fees and charges to 0.33% of their total income from a starting point of 1.94% of their total income.
- 16.5 Conducting the assessment alongside the development of the budget has allowed us to identify actions that mitigate the potential negative effects of our proposals on vulnerable people and households on the lowest incomes. It also highlights the anticipated positive effects of increasing expenditure on certain groups. This helps to offset some of the effects. The assessment will be updated to take account of feedback received during the budget consultation.

CONSULTEES:

APPENDICES:

Appendix 1	Schedule of service cost increases, investments, efficiencies, and reforms
Appendix 2	Cumulative impact assessment
Appendix 3	Individual directorate impact assessments
Appendix 4	Draft Capital budget summary 2026/27 to 2029/30
Appendix 5	Response to Welsh Government's Local Government provisional settlement
Appendix 6	Schedule of proposed discretionary fees and charges

BACKGROUND PAPERS

None

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