



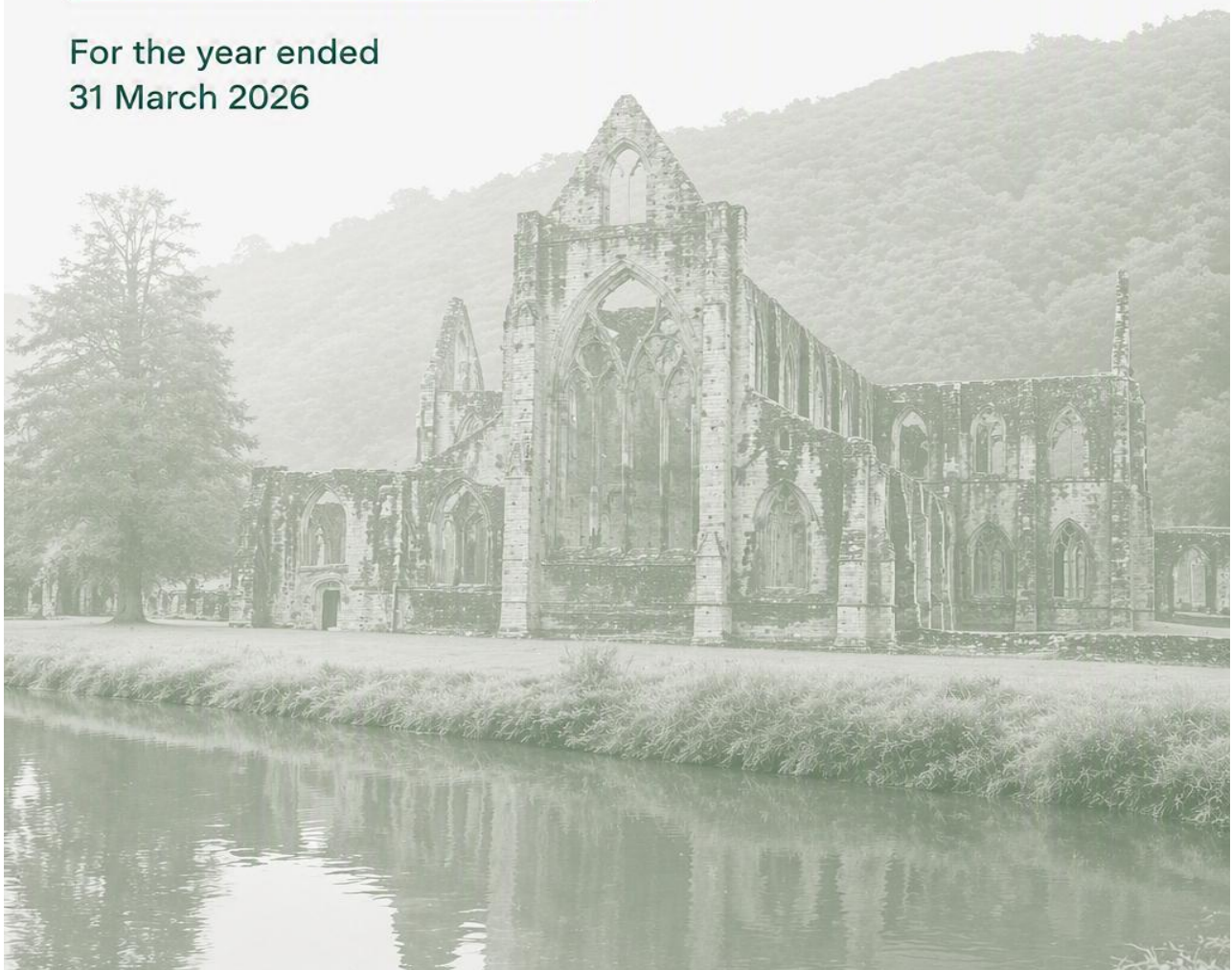
monmouthshire  
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MONMOUTHSHIRE COUNTY COUNCIL

# Statement of Accounts 2025/26

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For the year ended  
31 March 2026



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# 1 NARRATIVE REPORT

## 1.1 Introduction

Monmouthshire County Council's Statement of Accounts provides a record of the Council's financial position for the year. This section of the document supplements the financial information contained in the accounts, with the aim of providing an overview of the more significant financial and accounting issues which affected the Council during the year.

### Key facts about Monmouthshire



Monmouthshire is the most South Eastern County in Wales covering the area from the main towns of Abergavenny & Monmouth in the North to Chepstow & Caldicot in the South. It is a predominantly rural County covering an area of 880sq miles and serving a resident population of around 95,000.

The majority of the Council's administrative and political functions are carried out at County Hall at The Rhadyr, near Usk, Monmouthshire.

### Political and management structure

The Council uses a Leader and Cabinet (Executive) governance model, with the Cabinet comprised of elected members, who each have lead responsibility for a portfolio area of the Council's business, including the Leader. Council determines the Authority's policy framework and budget and other constitutional functions. Below Cabinet and Council level there are a number of committees and panels that fulfil various scrutiny, statutory oversight and regulatory functions.

Following the Local Government elections in May 2022, there are 46 locally elected councillors representing 39 Monmouthshire wards who sit on the various committees of the Council, with the current political make-up of the Council being 19 Labour; 19 Conservative; 6 Independent; 2 Green Independent.

The Cabinet and elected members are supported by the Council's Strategic Leadership Team which is led by the Chief Executive. For management purposes the Council's operations are organised into Service Areas each of which is headed by a chief officer reporting to the Chief Executive.

# HOW THE COUNCIL'S £237.2m REVENUE BUDGET IS ALLOCATED

The Council's 2025/26 net revenue budget of £237.2 million was allocated across service areas and corporate financing activities to support the delivery of services for residents and communities across Monmouthshire.



## SOCIAL CARE & HEALTH

**£78.2m**

- Adult Services
- Children's Services
- Housing & Homelessness
- Public Protection



## LEARNING, SKILLS & ECONOMY

**£72.7m**

- Schools
- Additional Learning Needs
- Skills, Employment & Economy
- Emergency Planning
- Standards & Education Support



## INFRASTRUCTURE & PLACE

**£21.3m**

- Infrastructure Management
- Facilities & Fleet Management
- Neighbourhood Services
- Catering & Decarbonisation



## CORPORATE COSTS & LEVIES

**£29.3m**

- Corporate Management
- Non-distributed Costs
- Precepts & Levies
- Insurance Costs
- Treasury Overheads



## CAPITAL FINANCING & TREASURY

**£12.2m**

- Includes:
- Interest Payable
  - Borrowing Repayment Provision (MRP)
  - Investment Income
  - Treasury Management



## RESOURCES

**£8.5m**

- Finance
- Information, Communication & Technology
- Corporate Health & Safety
- Commercial, Corporate & Landlord Services



## PEOPLE, PERFORMANCE & PARTNERSHIP

**£6.3m**

- People Services
- Policy & Performance
- Scrutiny & Customer Service
- Chief Executives Office Functions



## PLACE & COMMUNITY WELLBEING

**£5.6m**

- Leisure & Wellbeing
- Countryside, Culture & Community Learning
- Destination & Environment
- Placemaking & Car Parking
- Finance & Business Development



## LAW & GOVERNANCE

**£3.1m**

- Democratic Services
- Legal Services
- Land Charges

## 1.2 Operational Performance for the Year

The Council's Community & Corporate Plan 2022-28 sets the Council's purpose and objectives focused on the well-being of current and future generations. The commitments in the plan will continue to inform the council's medium-term financial strategy to ensure that our spending follows clear priorities.

The Community & Corporate Plan establishes a clear purpose to become a net-zero county, supporting well-being, health and dignity for everyone at every stage of life. This is supported by six well-being objectives. A summary of the progress being made against these during 2025/26 is outlined below:

### A fair place to live

- We have rolled out universal free school meals to all primary school pupils in Monmouthshire. 69% of children are choosing to receive these free meals. We expect this to support pupils health, wellbeing and learning
- We have supported children and young people in the school holidays with free or low-cost food and play activities. Our schemes gave over 2,200 children the chance to access play and support in the last year
- We ran over 850 warm space sessions which provided a warm space for residents during winter months. We welcomed more than 1,200 people

### A green place to live

- Our residents have recycled over 71% of household waste. This is above the national target of 70%
- We have over 100 active travel routes across the county. In the last year we have created or enhanced 9 routes. These provide more opportunities for residents to walk and cycle
- We are transitioning our fleet to ultra-low emission vehicles as part of our commitment to reduce our carbon emissions. Currently 17.2% of our fleet is ultra low emission

### A thriving & ambitious place

- We supported 120 people into employment during the year through a range of training and support
- We have supported 44 young people who were not in employment, education or training (NEET) into employment
- We provided support to 90 pre-start-up and existing local businesses to help them develop and grow

### **A safe place to live**

- We have prevented nearly 70% of homeless applications from becoming homeless, the same as the previous year
- We have granted planning permission for 66 affordable homes in the last year. This will help more people access safe, secure and affordable housing

### **A connected place where people care**

- We have provided early help to support families through our Building Stronger Families service. 100% of families involved reported positive outcomes following intervention
- We delivered 445 packages of reablement to support people to regain independence, of which 53% of packages helped to mitigate the need for further support
- We have provided 1,070 people with assistive technology. This has provided a range of technology that helps support someone to live independently at home for longer

### **A learning place**

- We have worked with schools to support pupils to attend school. Pupil attendance at our primary schools was 93.8%. Pupil attendance at our secondary schools remains lower at 89.5%. We are providing continued support to increase attendance
- We have built a new 3-19 school in Abergavenny that will provide wide ranging education and support to 1,900 pupils, including for those with complex learning needs
- We are continuing to develop adult learning by supporting 963 adult learners to participate in community education courses

# MONMOUTHSHIRE COUNTY COUNCIL



## 2025/26 FINANCIAL HIGHLIGHTS

### REVENUE POSITION



**£4.1m**

Gross Revenue Underspend

Against a revenue budget of £237.2m

### RESERVES



**£15.5m**

Earmarked Reserves

Up from £9.8m in 2024/25  
Supporting financial resilience, digital investment and service transformation.

### COUNCIL FUND



**£12.0m**

Council Fund Balance

Maintained at 5% of net revenue budget

### SCHOOLS



**£6.9m**

School Balances Deficit

An increase of £2.8m during the year  
Recovery plans in place for all deficit schools

### CAPITAL INVESTMENT



**£32.5m**

Capital Programme Delivered

Including schools, highways and estate investment.

### BORROWING



**Borrowing Reduced**

From £205.1m to £200.5m

A reduction of £4.6m

### PENSION POSITION



**£133.1m**

Underlying Pension Fund Surplus

Up from £85.8m last year  
Subject to IFRIC 14 accounting restrictions

### NET ASSETS



**£338.3m**

Net Assets

Increase of £10.0m during 2025/26



The Council delivered a **balanced financial position** in 2025/26, **strengthened reserves**, **reduced borrowing**, **invested £32.5 million** in infrastructure and schools, and maintained a **robust Council Fund reserve** despite continued demand pressures across key services.

## Revenue Budget for 2025/26

The 2025/26 financial year continued to present a challenging operating environment, with sustained demand and cost pressures affecting social care, education, housing and other demand-led services. The budget round reflected increased levels and complexity of demand within School Additional Learning Needs provision and Adults' and Children's Social Care, alongside wider pressures from inflation, income volatility, higher interest rates and the continuing impact of cost-of-living pressures on communities.

Monmouthshire received a below-average increase in Aggregate External Finance compared to a number of other Welsh authorities, meaning that a significant proportion of budget pressures continued to need to be met through local measures including council tax, service reform and efficiency savings.

After allowing for contributions to earmarked reserves, the Council delivered a net underspend of £1.068m for 2025/26. This position starts from a gross revenue underspend of £4.088m, from which £3.020m has been applied to earmarked reserves to strengthen financial resilience and support specific priorities. The remaining £1.068m is therefore available for transfer to the Council Fund, maintaining reserve cover at 5% of the Council's net revenue budget.

The transfer to earmarked reserves includes support for information and communications technology, the Programme of Change and wider risk mitigation.

The overall favourable outturn masks continuing underlying pressures in key services. Children's social care, housing and homelessness, passenger transport, fleet, planning and building control, and Additional Learning Needs remain significant financial risks. School balances also deteriorated during the year, with schools drawing a further £2.788m from balances, increasing the cumulative school deficit to £6.880m at 31 March 2026, with nineteen schools in deficit and recovery plans in place.

Although the year-end position is positive, it was supported in part by one-off funding and favourable corporate movements, and continued close monitoring will be required in 2026/27, particularly around council tax collection, property services, fleet, commercial investment properties and school balances.

Further details on the outturn position are provided in the July 2026 budget outturn report to Cabinet.

	Revised Budget	Actual	Variance
	£000	£000	£000
<b>Net Expenditure:</b>			
<b>Net cost of services (as per internal management reporting)</b>	<b>224,991</b>	<b>221,755</b>	<b>(3,236)</b>
Interest and Investment Income	(788)	(1,326)	(538)
Interest Payable and Similar Charges	7,624	7,778	154
Charges Required Under Regulation	6,158	6,016	(142)
Borrowing Cost Recoupment	(3,918)	(4,020)	(102)
Earmarked Contributions to/(from) Reserves	2,801	2,801	0
Other	326	336	10
<b>Net Revenue Budget</b>	<b>237,194</b>	<b>233,340</b>	<b>(3,854)</b>
<b>Financed by:</b>			
General government grants	(100,637)	(100,637)	0
Non-domestic rates	(34,612)	(34,612)	0
Council tax	(111,011)	(110,666)	345
Council Tax Benefit Support	9,066	8,488	(578)
<b>Net Financing Budget</b>	<b>(237,194)</b>	<b>(237,427)</b>	<b>(233)</b>
<b>Year-end Surplus</b>	<b>0</b>	<b>(4,088)</b>	<b>(4,088)</b>
Year-end Transfer to Earmarked Reserves	0	3,020	3,020
Year-end transfer to Council Fund	0	1,068	1,068
<b>Council Fund (surplus)/deficit - Non Schools</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Council Fund (surplus)/deficit - Schools</b>	<b>0</b>	<b>2,788</b>	<b>2,788</b>
<b>Council Fund (surplus)/deficit - Total</b>	<b>0</b>	<b>2,788</b>	<b>2,788</b>

The net cost of services in the table above of £221.755m is reported on a management accounting basis, i.e. the same basis as the budget reports that Cabinet receive during the year. The net cost of services in the Comprehensive Income and Expenditure (CIES) of £222.668m is different because these accounts are prepared on a financial accounting basis, which is specified and governed by accepted accounting guidelines.

Note 11.1 to these accounts shows how these figures can be reconciled.

### Level of general and specific reserves/balances

The following summarises the Council's general and earmarked reserve balances.

Reserves & balances (Surplus) / Deficit	2023/24 £000	2024/25 £000	2025/26 £000
Council Fund Balance	(10,388)	(10,885)	(11,953)
School Balances	905	4,092	6,880
Earmarked Reserves	(9,359)	(9,440)	(15,509)
<b>Total Usable Reserves &amp; balances available for Revenue Purposes</b>	<b>(18,842)</b>	<b>(16,233)</b>	<b>(20,582)</b>

The level of the Council Fund reserve stood at £10.89 million at the start of 2025/26, excluding delegated school balances. This represented 5% cover as a proportion of the Council's 2025/26 net revenue budget and was in line with the approved Medium Term Financial Strategy. Following the 2025/26 outturn, £1.068 million of the remaining net surplus has been transferred to the Council Fund so that this core reserve is maintained at 5% of the Council's net revenue budget for 2026/27.

Alongside the transfer to the Council Fund, the outturn position also enables the replenishment of key earmarked reserves. This includes transfers of £267,000 to the Information and Communications Technology Reserve, £253,000 to the Programme of Change Reserve and £2.5 million to the Risk Mitigation Reserve. These transfers strengthen the Council's overall resilience against future financial risks and volatility, while also increasing capacity to invest strategically in priority service areas through digital investment, transformation activity and other planned change programmes.

Further information on reserves can be found in Section 10 of the accounts.

**Schools:** The following table summarises the schools year-end balances position by school type:

School Balances (Surplus) / Deficit	Number of schools	2023/24 £000	2024/25 £000	2025/26 £000
Comprehensives	3	976	1,366	1,671
Middle	1	329	1,386	2,241
Primaries	31	(1,142)	(306)	155
Other	1	742	1,645	2,813
<b>Total</b>	<b>36</b>	<b>906</b>	<b>4,091</b>	<b>6,880</b>

School balances deteriorated further during 2025/26. Collective school balances stood at a deficit of £4.092 million at the start of the year, and schools drew down a further £2.788 million by outturn, resulting in a cumulative deficit balance of £6.880 million being carried forward into 2026/27.

The number of schools in deficit increased from 15 at the start of the year to 19 at outturn. This reflects continuing underlying financial pressure and the fact that some recovery strategies require structural changes, particularly to staffing, which can take time to deliver and may initially deepen deficits before recovery is achieved.

The overall deficit position remains concentrated in a relatively small number of settings, with the largest pressures sitting within secondary-age provision and the pupil referral service. Year-end balances also show a mixed position across school phases, with a number of primary schools also carrying deficit balances.

All schools in deficit have agreed recovery plans with the Local Authority, and those plans continue to be subject to regular monitoring, support and challenge. The Authority will continue to work closely with schools to support sustainable medium-term recovery plans, recognising the ongoing impact of attendance, behaviour, Additional Learning Needs and wider pay and cost pressures.

### Capital expenditure & financing

In addition to revenue spending, capital expenditure totalled £32.515m in 2025/26, with a net underspend of £1.23m and capital slippage requests of £45.218m into 2026/27.

Significant capital investment during the year included the completion of the new King Henry VIII 3-19 school, highways infrastructure improvements and continued investment in the Council's operational estate.

2024/25 £000		2025/26 £000
	<b>Expenditure</b>	
21,801	Schools modernisation programme	8,455
10,749	Infrastructure	7,390
5,162	Asset management schemes	4,417
2,872	Inclusion schemes	1,329
641	ICT schemes	502
2,676	Regeneration schemes	6,371
930	Vehicles	504
3,975	Other	3,547
<b>48,806</b>	<b>Total Expenditure</b>	<b>32,515</b>
	<b>Financing</b>	
(4,275)	Capital receipts	(3,602)
(17,019)	Borrowing and Finance Lease Commitments	(10,670)
(27,230)	Grants and Contributions	(17,802)
(282)	Revenue and Reserve Contributions	(442)
<b>(48,806)</b>	<b>Total Financing</b>	<b>(32,515)</b>

### Significant capital receipts

During 2025/26, the Authority received a capital receipt of £2.5 million from the sale of the former Mounton House School site at Pwllmeyric, Chepstow. In addition, a number of smaller disposals were completed during the year. Capital receipts are used to support the Authority's capital investment programme and reduce the need for external borrowing, in line with the approved Capital Strategy and Community and Corporate Plan.

### Non-current assets

The Authority operates a five-year valuation programme for its land and building assets. During 2025/26, valuations included Community Centres, Comprehensive & Primary Schools, Corporate Facilities, Hubs & Public Contact Centres, Leisure & Outdoor Education Centres, Museum & Theatres Recreational Spaces and Care & Housing Facilities.. The programme for subsequent years is:

- 2026/27 – Primary Schools, Recreational Spaces, Public Conveniences, Nurseries and Playgroups and Cemeteries.
- 2027/28 – Further categories in accordance with the rolling valuation programme.

In addition to the assets revalued during the year, an indexation exercise has been undertaken on the remaining land and building assets to ensure that carrying values remain materially current. This reflects the requirements of the Code and helps mitigate the risk that significant construction cost inflation could result in asset values becoming materially understated between formal valuations.

An annual review is also undertaken to identify any significant changes in asset use, condition or market factors that may indicate impairment or require reclassification. The Authority's investment property portfolio is additionally reviewed and revalued annually to ensure that fair values are appropriately reflected within the accounts.

The carrying value of non-current assets increased from £577.9 million at 31 March 2025 to £584.5 million at 31 March 2026. Asset values were supported by capital expenditure during the year, additions to right-of-use assets under IFRS 16 and valuation gains arising from the rolling revaluation programme and annual indexation exercise. These increases were partially offset by depreciation, impairment charges and asset disposals recognised during the year.

Right-of-use assets recognised under IFRS 16 increased from £1.7 million to £3.5 million during 2025/26. IFRS 16 requires most leases to be recognised on the Balance Sheet through the recording of a right-of-use asset together with a corresponding lease liability, providing greater transparency regarding the Authority's use of leased assets and future lease commitments.

### Borrowing arrangements and sources of funds

Total borrowing reduced by £4.6 million during the year, from £205.1 million to £200.5 million, reflecting the Authority's approach to balancing capital investment requirements with the affordability of future debt financing costs.

31st March 2025 £000		31st March 2026 £000
146,792	Public Works Loan Board	160,311
3,741	Welsh Government	2,734
50,949	Local Government bodies	33,854
3,000	Special Purpose Vehicle	3,210
642	Other including SEWCJC	391
<b>205,125</b>	<b>Total borrowing</b>	<b>200,502</b>

Further information on borrowing arrangements is disclosed in notes 13.3 and 13.4 to the accounts. The Council continues to operate within its limits as set according to the Local Government Act 2003 and the CIPFA Prudential Code.

### Collection of Council Tax and Non-Domestic Rates

The Council Tax bill for Monmouthshire County Council in 2025/26 (including amounts raised for Police and Community Councils) was £2,277.19 (£2,110.67 in 2024/25) for properties in valuation Band D.

Collection rates remained broadly in line with, or above, recent years despite ongoing cost-of-living pressures. We collected 96.6% in year of the total due (96.1% 2024/25). Our in-year collection rate for Non-Domestic Rates was 96.4% in 2025/26 (94.8% in 2024/25). During the year £264,000 Council Tax and £301,000 Non-Domestic Rates debts were written off (£216,000 and £312,000 in 2024/25).

In 2025/26 council tax premiums for long term empty properties and second homes applied. A 100% premium applied to properties empty for one year, a 200% premium for properties empty for two years and a 300% premium for properties empty for three years or more. A 100% premium for second homes also applied. In-year we collected 65.1% of the premium charged (66% in 2024/25).

### Pension Liabilities

In accordance with accounting standards, the Authority is required to recognise the cost of retirement benefits when they are earned by employees rather than when pension payments are made. The resulting pension assets and liabilities are estimated by an independent actuary. At 31 March 2026, the Authority's share of the Greater Gwent Pension Fund was in an underlying surplus position of £133.1 million, compared with a surplus of £85.8 million at 31 March 2025.

In accordance with IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, this underlying surplus must be assessed against the future economic benefits available to the Authority through reduced pension contributions. Following this assessment, an asset ceiling adjustment of £184.2 million has been applied. After allowing for this adjustment and the present value of unfunded discretionary teacher pension liabilities, a net pension liability of £53.1 million is recognised on the Balance Sheet at 31 March 2026.

Between 1 April 2025 and 31 March 2026, the Authority's share of the Greater Gwent Pension Fund surplus increased by approximately £47.6 million. This was driven by an increase of £81.1 million in the value of scheme assets, partially offset by an increase of £33.8 million in the value of scheme liabilities. The increase in the underlying surplus principally reflects positive investment performance, partially offset by higher pension liabilities arising from updated actuarial assumptions.

The pension position recognised in the Balance Sheet reflects the application of the IFRIC 14 asset ceiling adjustment. Without this adjustment, the Authority would report a net pension asset. The asset ceiling reduces the pension asset that can be recognised by £184.2 million.

The most recent actuarial funding valuation of the Greater Gwent Pension Fund was undertaken as at 31 March 2025 and is used to inform employer contribution rates and funding requirements. Further information on pension assets, liabilities, actuarial assumptions and sensitivities is provided in Note 14 to the Statement of Accounts.

## 1.4 The Financial Outlook

### 2026/27

The 2026/27 budget was set against a continuing challenging financial environment. The cost of delivering services remained under pressure from inflation, pay growth, higher interest rates, supply chain issues and continued volatility in service demand, particularly within social care, education and housing. Cabinet's final budget proposals were built around estimated cost increases of £16.8m, equivalent to around 8% of the Council's budget.

The final budget was balanced through a combination of increased Welsh Government funding, Council Tax, service efficiencies, reform and income measures. The final Welsh Government settlement provided a 4.4% increase for Monmouthshire, equivalent to around £6.15m. The approved budget also includes £3.5m of service efficiencies and reforms and a 5.95% increase in County Council Tax, with the Council Tax Reduction Scheme maintained to protect those on lower incomes.

The approved budget continues to prioritise frontline services. It provides further investment in local school budgets, preventative children's services, social care, Additional Learning Needs, Welsh-medium education, infrastructure maintenance and services that support community wellbeing and resilience. Core resident services such as waste collections, leisure centres, recycling centres, libraries and community hubs are maintained in 2026/27.

The capital programme remains constrained but is targeted toward statutory, safety and infrastructure priorities. The final 2026/27 capital budget includes £5.655m of additional investment, including highways structures, roads, footpaths, rights of way and the property estate, and a further £2m phased over three years to accelerate pothole repairs and improve road condition.

The Council's strengthened financial governance arrangements will continue through 2026/27, including regular monitoring, targeted review of high-risk service areas and prompt mitigation where pressures emerge. The 2026/27 budget is balanced, but the Council will need to maintain close oversight of service demand, pay awards, grant funding, income collection, debt recovery, school recovery plans and wider economic conditions.

### The Medium Term

The Council's medium-term financial planning continues to be shaped by a prolonged period of fiscal constraint and rising demand. Since 2010/11 the Council has delivered over £83m in budget savings, and in the last two financial years alone it has absorbed more than £31m in cost pressures.

Looking ahead to 2026/27, early pressures are already indicated in council tax collection, property services, fleet and commercial investment properties. School balances remain a significant near-term risk, and demand-led services including social care, housing and homelessness, passenger transport, planning and building control, and Additional Learning Needs will require close monitoring.

The medium-term outlook remains very challenging. Indicative budget modelling in the final 2026/27 budget shows an annual budget gap of between £8m and £10m for each financial year in the forward medium term financial plan. These figures reflect assumptions around pay, inflation, Welsh Government funding, Council Tax, service demand and the tapering down of flexible capital receipts used to support one-off reform costs.

The forecast funding gap remains highly sensitive to future Welsh Government settlements, pay awards, inflation and demand-led service pressures.

Addressing this position will require continued financial discipline, delivery of approved savings and reforms, careful management of reserves, and further development of the programme of change. The focus will need to remain on long-term reform, financial resilience and reshaping services so that resident needs can be met within available resources.

The Authority continues to maintain reserves at a level considered appropriate by the Section 151 Officer, however reserves alone cannot provide a sustainable solution to recurring budget pressures.

### **South East Wales Corporate Joint Committee (SEWCJC)**

The Cardiff Capital Region City Deal was originally established as a Joint Committee through a Joint Working Agreement on 1 March 2017. This partnership includes the ten local authorities in South East Wales, including Monmouthshire County Council.

As of 18 March 2024, the City Deal transitioned into a Corporate Joint Committee (CJC). The public-facing name of the body is Cardiff Capital Region (CCR), while its legal designation is the South East Wales Corporate Joint Committee (SEWCJC).

Monmouthshire County Council contributes 6.1% to the £120 million investment programme, based on its share of the regional population. The Council is also responsible for funding its share of the annual costs associated with this investment. The development and oversight of the programme are managed by the CJC Regional Cabinet.

The revenue contribution required during the year was £78,568 (£78,568 in 2024/25). The capital contribution to the project was not required during 2025/26, as was the case in 2024/25, due to reprofiling of the investment pipeline.

The Authority's share of the SEWCJC is reflected throughout the primary statements and notes. Further details are provided in Note 16.6 of the Accounts.

## **1.5 The Accounting Statements**

The Authority's accounts for the year are set out in sections 5 to 17. They consist of:

### ***Movement in Reserves Statement***

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

### ***Comprehensive Income and Expenditure Statement***

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations. This may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### ***Balance Sheet***

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories:

- The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

### **Notes to the Accounts**

The core financial statements outlined above are supported by notes to further assist the reader in interpreting the Authority's financial position for the year ended 31st March 2026. The notes are sectioned to aid the user of the accounts to navigate the extensive supporting notes.

Comparative figures for 2024/25 have been restated where necessary to reflect revised South East Wales Corporate Joint Committee group accounts and the reclassification of certain unallocated banking transactions. Further details are provided in Note 16.6 and Note 13.5.

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**Peter Davies**  
**Section 151 Officer**

---

**Date**

## 2 STATEMENT OF RESPONSIBILITIES

### 2.1 The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for those affairs (the Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### 2.2 The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom;

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## APPROVAL OF STATEMENT OF ACCOUNTS

I certify that the Statement of Accounts set out in Sections 5 to 17 gives a true and fair view of the financial position of Monmouthshire County Council as at 31st March 2026 and of its income and expenditure for the year then ended.

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**Peter Davies**  
**Section 151 Officer**

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**Date**

I confirm that these accounts were approved by the Governance and Audit Committee at its meeting held on 23rd July 2026.

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**Andrew Blackmore**  
**Chair - Governance and Audit Committee**

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**Date**

### 3 ANNUAL GOVERNANCE STATEMENT 2025/26

**As part of its annual review of governance arrangements, the Council has prepared an Annual Governance Statement in accordance with the Accounts and Audit (Wales) Regulations. The full Annual Governance Statement is included at Section 17 of these accounts. The following executive summary provides an overview of the key messages and conclusions arising from that review.**

#### Executive Summary

This Annual Governance Statement confirms that Monmouthshire County Council (the 'Council') has, for the financial year 2025/26, conducted a review of its governance arrangements which concluded that these arrangements accorded with the principles set out in the Council's Code of Corporate Governance. Consequently, the Council's overall governance arrangements are assessed as being **effective** and provide a sound framework for delivering services to the citizens of Monmouthshire. This Statement outlines the Council's responsibility for ensuring proper standards and the safeguarding of public money, as well as the arrangements for the management of risk.

During 2025/26, the Council's Code of Corporate Governance was reviewed to reflect updated guidance and to ensure it remained current and fit for purpose. The revised Code was endorsed by the Governance & Audit Committee in April 2026 and is due to be considered for formal approval by County Council in June 2026.

There have been a small number of changes to the Senior Officers within the Council during the period, all of which have benefitted from robust succession planning with consequential interim amendments being made to the Strategic Leadership Team structure. A permanent restructuring of the Strategic Leadership Team was completed during the Summer of 2025 to strengthen executive oversight.

Storm Claudia had a significant impact on Monmouthshire, resulting in severe flooding across a number of communities, damage to infrastructure, disruption to transport networks, and adverse effects on residents, businesses and public services. In response, Monmouthshire County Council activated its emergency response arrangements and worked in coordination with emergency services, partner organisations and local communities to support those affected, provide timely public information, facilitate immediate welfare and accommodation support where required, and begin recovery activity. The Council's response demonstrated the importance of resilient emergency planning, effective partnership working, and clear communication in managing major incidents and supporting community recovery.



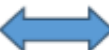





During the year, the Council also received a positive Estyn inspection outcome for its education services, which recognised strong leadership, a clear strategic vision, effective collaboration, and improvements across school improvement, additional learning needs, attendance, Welsh language development and safeguarding. The report also highlighted the need to strengthen the consistency and precision of evaluation to better demonstrate impact and support continuous improvement.

The Council also made significant progress with its Replacement Local Development Plan during the year. The draft Deposit Plan was approved by County Council in October 2025 and subsequently submitted to Welsh Government and Planning and Environment Decisions Wales (PEDW) for examination under section 64(1) of the Planning and Compulsory Purchase Act 2004 on 7 November 2025. This represents an important step in establishing an updated planning framework to support sustainable development, place-shaping and the long-term economic, social and environmental well-being of Monmouthshire. Hearing sessions are due to commence in September 2026.

In 2025/26, the Council also undertook its statutory Panel Performance Assessment under the Local Government and Elections (Wales) Act 2021. The independent panel concluded that Monmouthshire is an ambitious, well-run Council with communities at its heart and the capability to become great, while also identifying opportunities to strengthen outcome focus, community insight, workforce and succession planning, and the delivery of better outcomes for residents at lower cost. The Panel also recommended that the Council established a clear mechanism to identify, assess and exploit these opportunities, supported by a structured plan to be completed by the end of 2026/27. For Purpose, on Purpose (F-POP) the council's whole authority change programme will identify, assess, prioritise and govern major change opportunities to deliver better outcomes and/or lower costs. A structured delivery plan has been developed and is being overseen by the Programme Assurance Board, to ensure the Programme remains aligned to its purpose.

The findings provide an important external source of assurance and will inform the Council's self-assessment, improvement planning and ongoing governance review arrangements.

The effective governance arrangements set out in the body of this document have been in place throughout the year and up to the date of approval of the 2025/26 Statement of Accounts. In undertaking its annual review of governance, the Council considered each of the principles set out in its Code of Corporate Governance, assessed the arrangements in place to support those principles, evaluated their effectiveness, and identified areas for further strengthening. This review was informed by a range of governance assurances, including internal audit, external audit, inspectorate findings, performance and risk management information, and self-assessment activity. In summary, the Council has concluded as follows:

Principle	Rating	Movement from Previous Year	Number of Areas for Improvement
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Very Good		2
B. Ensuring openness and comprehensive stakeholder engagement	Very Good		2
C. Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits	Very Good		-
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	Very Good		-
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	Very Good		1
F. Managing risks and performance through robust internal control and strong public financial management	Very Good		5
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Very Good		1
Overall	Very Good		11

Overall, having considered the outcome of the annual review and the broad range of assurances available, the Council has concluded that its governance arrangements remain fit for purpose and continue to operate effectively in supporting the delivery of its objectives and statutory responsibilities. No significant governance issues were identified during 2025/26 that were considered sufficiently serious, pervasive or systemic to require a fundamental revision of the governance framework. Nevertheless, the review identified 11 areas where governance arrangements can be further strengthened, and these are reflected in the action plan set out in this Statement to support continuous improvement during 2026/27.

## Annual Governance Statement – On a Page

For the first time, Monmouthshire County Council has produced an “Annual Governance Statement – On a Page” to make the key messages from the full statement easier for residents to understand. The summary provides a clear, accessible overview of how the Council is governed, how it manages risks and public money, and what assurance has been gained during the year. It highlights the Council’s conclusion that its governance arrangements remain fit for purpose and continue to operate effectively, while also acknowledging further improvement will be made during 2026/27.

**monmouthshire**  
sir fynwy

# Annual Governance Statement – *On a Page*

**Governance arrangements remain fit for purpose and operate effectively.**

**Overall assessment: Very Good**

**7/7** Governance principles rated **Very Good**

**No significant governance issues identified**

**11** Improvement actions for 2026/27

### Key assurance sources

<b>Internal Audit</b> Reasonable Assurance Conclusion	<b>Estyn</b> Positive Whole Authority Inspection Outcome	<b>Independent Panel Assessment</b> Ambitious, well-run, communities at heart	<b>Governance &amp; Audit Committee</b> Have concluded that our governance and risk management arrangements are robust and appropriate	<b>External Audit</b> Unqualified Opinion on 2024/25 Statement of Accounts
----------------------------------------------------------	-------------------------------------------------------------	----------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------

### What this means:

- Sound governance framework
- Effective risk & financial management
- Transparent accountability
- Continuous improvement
- Residents of Monmouthshire should have confidence in what we do and how we do it

### Why we believe this:

- The Council has the systems, checks and accountability arrangements needed to make decisions, manage risks and safeguard public money.
- The Council responded to major local challenges and governance arrangements were tested during the year, including through the response to Storm Claudia, which affected communities, infrastructure and services.
- The Council is improving how residents can have their say.
- The Council is open about where further improvement is needed. Where areas for improvement have been identified during the year, action is either underway or has already been taken. Eleven areas for improvement have been identified for 2026/27.

Actions from the 2024/25 Annual Governance Statement have been implemented or are progressing, with remaining activity carried forward into 2026/27 to support continued strengthening of the Council's governance arrangements.

**Core Financial Statements**  
**Year Ended**  
**31st March 2026**

## Movement In Reserves Statement for the Year Ended 31st March 2026

	Note	Council Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Joint Arrangement - SEWCJC *	Total Reserves £000
Balance at 1st April 2024		9,483	9,359	10,220	29,063	317,523	6,370	352,954
<b>Movement in reserves during 2024/25</b>								
Total Comprehensive Income and Expenditure		8,558	0	0	8,558	-35,114	1,974	(24,582)
Adjustments between accounting basis & funding basis under regulations	10.2	(10,817)		(4,010)	(14,827)	14,827		0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(2,258)	0	(4,010)	(6,268)	-20,287	1,974	(24,581)
Prior period restatement – SEWCJC Group Accounts (see note 16.6)							(93)	(93)
Transfers to/(from) Earmarked Reserves	10.4	(432)	432		0			0
Increase/(Decrease) in 2024/25		(2,690)	432	(4,010)	(6,268)	-20,287	1,881	(24,674)
Balance at 31st March 2025 carried forward		6,793	9,790	6,210	22,793	297,236	8,252	328,281
<b>Movement in reserves during 2025/26</b>								
Total Comprehensive Income and Expenditure		1,640	0	0	1,640	5,338	3,032	10,010
Adjustments between accounting basis & funding basis under regulations	10.2	2,357		(732)	1,625	(1,625)		0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		3,996	0	(732)	3,264	3,713	3,032	10,010
Transfers to/(from) Earmarked Reserves	10.4	(5,718)	5,718		0			0
Increase/(Decrease) in 2025/26		(1,721)	5,718	(732)	3,264	3,713	3,032	10,010
Balance at 31st March 2026 carried forward		5,071	15,508	5,478	26,057	300,947	11,284	338,289

\* Comparative figures have been restated to reflect revised South East Wales Corporate Joint Committee (SEWCJC) Group Accounts. The impact of the restatement on the Council's share of reserves is shown separately above and is explained further in Note 16.6.

Comprehensive Income & Expenditure Statement for the Year Ended 31st March 2026							
2024/25 (Restated*)					2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
100,334	(36,391)	63,943	Learning, Skills & Economy		105,215	(29,426)	75,790
97,991	(26,625)	71,365	Social Care & Health		114,393	(34,106)	80,287
69,755	(31,370)	38,386	Infrastructure		57,198	(29,996)	27,202
17,294	(10,307)	6,987	Place & Community Wellbeing		18,540	(11,042)	7,498
4,729	(1,077)	3,652	People, Performance & Partnerships		9,325	(2,461)	6,864
3,401	(698)	2,704	Law & Governance		3,103	(201)	2,902
42,988	(22,619)	20,369	Resources		38,290	(17,128)	21,161
3,303	(1,780)	1,523	Corporate		3,711	(3,555)	156
1,615	(390)	1,226	SEWCJC		1,370	(562)	808
<b>341,410</b>	<b>(131,256)</b>	<b>210,154</b>	<b>Cost of Services</b>	<b>11.1</b>	<b>351,146</b>	<b>(128,477)</b>	<b>222,669</b>
			<b>Other operating expenditure:</b>				
			<i>Precepts &amp; Levies:</i>				
16,940	0	16,940	Gwent Police Authority		18,325	0	18,325
5,839	(84)	5,755	South Wales Fire & Rescue Authority		6,143	0	6,143
3,608	0	3,608	Community and Town Councils		3,964	0	3,964
116	0	116	National Parks		122	0	122
109	0	109	Internal Drainage Boards		112	0	112
781	(157)	624	Gains/losses on the disposal of non-current assets		2,901	(2,760)	141
62	0	62	SEWCJC: Gains/losses on the disposal of non-current assets		0	0	0
		<b>27,214</b>	<b>Total Other operating expenditure</b>				<b>28,807</b>
19,390	(11,513)	7,877	Financing and investment income and expenditure	11.3	21,815	(12,767)	9,049
41	(335)	(294)	SEWCJC: Interest & Investment income and expenditure		32	(400)	(368)
84	0	84	SEWCJC: Income, Expenditure and Changes in the Fair Value of Investment Properties		94	0	94
			<b>Taxation &amp; non-specific grant income:</b>				
835	(103,100)	(102,265)	Council Tax	11.5	710	(111,376)	(110,666)
0	(34,871)	(34,871)	Non-domestic rates redistribution	11.5	0	(34,612)	(34,612)
0	(115,380)	(115,380)	General government grants	11.6	0	(116,078)	(116,078)
22	(3,828)	(3,806)	SEWCJC: Taxation & non-specific grant income		19	(3,780)	(3,761)
		<b>(11,287)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(4,867)</b>
			<b>Other Comprehensive Income and Expenditure:</b>				
		(21,223)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12.1			(6,000)
		1,010	SEWCJC - Financial Instrument Revaluation				179
		(260)	SEWCJC - Soft Loan Revaluation				0
		4	SEWCJC - Pension Remeasurements				16
		(1)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income				(163)

	56,338	Remeasurement of the net defined benefit liability/(asset)	14.3			826
	35,868	<b>Total Other Comprehensive Income and Expenditure</b>				<b>(5,143)</b>
	24,581	<b>Total Comprehensive Income and Expenditure</b>				<b>(10,010)</b>

\* 2024/25 comparative figures have been restated to reflect revised SEWCJC Group Accounts. See Note 16.6.

## Balance Sheet as at 31st March 2026

31st March 2025 (Restated*) £000s		Note	31st March 2026 £000s
317,082	Other land and buildings	12.1	376,041
9,125	Vehicles, plant, furniture and equipment	12.1	7,975
94,799	Infrastructure	12.1	97,282
4,547	Community assets	12.1	4,547
57,471	Assets under construction	12.1	796
10	Surplus assets not held for sale	12.1	1,260
1,749	Right of Use Assets	12.1	3,508
9,696	Heritage Assets	12.7	9,915
77,016	Investment Property	12.5	76,489
4	Intangible Assets		0
3,269	Long-Term Investments	13.1	3,943
2,790	Long Term Debtors	13.5	2,384
304	SEWCJC: Deferred Tax asset		328
<b>577,862</b>	<b>Long term assets</b>		<b>584,468</b>
10,925	Short Term Investments	13.1	11,037
474	Inventories		535
52,876	Short Term Debtors	13.5	56,306
9,481	Cash and Cash Equivalents	15.3	11,366
1,250	Assets Held for Sale	12.6	0
<b>75,005</b>	<b>Current Assets</b>		<b>79,244</b>
(2,588)	Cash and Cash Equivalents	15.3	(1,975)
(65,811)	Short Term Borrowing	13.1	(61,188)
(45,112)	Short Term Creditors	13.6	(54,779)
(342)	Provisions	13.7	(443)
<b>(113,854)</b>	<b>Current Liabilities</b>		<b>(118,386)</b>
(58,085)	Liability related to defined benefit pension scheme	10.9	(53,124)
(1,428)	Provisions	13.7	(1,346)
(139,069)	Long Term Borrowing	13.1	(139,314)
(2,057)	SEWCJC: Long Term Creditors		(1,513)
(3,081)	Other Long Term Liabilities	13.1	(3,263)
(5,711)	Capital Grants Receipts in Advance	11.6	(6,916)
(1,302)	Revenue Grants Receipts in Advance		(1,561)
<b>(210,732)</b>	<b>Long Term Liabilities</b>		<b>(207,038)</b>
<b>328,281</b>	<b>Net Assets</b>		<b>338,289</b>
6,793	Council Fund Balance	10.3	5,072
9,791	Earmarked Reserves	10.4	15,509
6,210	Capital Receipts Reserve	10.6	5,478
1,171	SEWCJC: Other usable Reserves		1,872
<b>23,965</b>	<b>Usable Reserves</b>		<b>27,930</b>
100,360	Revaluation Reserve	10.7	102,091
(58,085)	Pensions Reserve	10.9	(53,124)
263,285	Capital Adjustment Account	10.8	263,149
2,336	Deferred Capital Receipts Reserve	10.11	2,226
(401)	Financial Instrument Adjustment Account		(379)
(347)	Financial Instrument Revaluation Reserve		(184)
(3,592)	Accumulated Absences Adjustment Account	10.10	(4,088)
759	SEWCJC: Other unusable Reserves		667
<b>304,315</b>	<b>Unusable Reserves</b>		<b>310,358</b>
<b>328,281</b>	<b>Total Reserves</b>		<b>338,289</b>

\* 2024/25 comparative figures have been restated to reflect revised SEWCJC Group Accounts. See Note 16.6.

## Cash Flow Statement for the Year Ended 31st March 2026

31st March 2025			31st March 2026
(*Restated) £000		Note	£000
(11,287)	Net (surplus) or deficit on the provision of services	15.1	(4,867)
(7,857)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15.1	(33,539)
29,669	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15.1	21,216
10,525	<b>Net cash flows from Operating Activities</b>	15.1	(17,190)
45,555	Purchase of property, plant and equipment, investment property and intangible assets		31,822
4,650	Purchase of short-term and long-term investments		2,700
1,851	Other payments for investing activities		2,073
(264)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(2,870)
(4,758)	Proceeds from short-term and long-term investments		(2,809)
(27,828)	Other receipts from investing activities		(20,662)
19,206	<b>Net Cash (Inflow)/Outflow from Investing Activities</b>		10,254
	<b>Financing Activities</b>		
3,998	Repayments of short and long-term borrowing		18,007
35	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		37
(32,622)	Cash receipts of short and long-term borrowing		(13,607)
(626)	Other receipts from financing activities		0
(29,216)	<b>Net Cash (Inflow)/Outflow from Financing Activities</b>		4,437
515	<b>Net (increase) / decrease in cash and cash equivalents</b>		(2,498)
(7,407)	Cash and cash equivalents at the beginning of the reporting period		(6,892)
(6,892)	<b>Cash and cash equivalents at the end of the reporting period</b>	15.3	(9,391)

\* 2024/25 comparative figures have been restated to reflect revised SEWCJC Group Accounts. See Note 16.6.

**Notes to the Accounts**  
**Year Ended**  
**31st March 2026**

## 10 MOVEMENT IN RESERVES STATEMENT NOTES

### 10.1 Movement in Reserves

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. A summary of the movement in reserves during the financial year is illustrated below. More detailed information to support the Movement in Reserves Statement follows this note.

	Note	Balance at 1st April 2024	Movement in Year	Balance at 31st March 2025	Movement in Year	Balance at 31st March 2026
		£000	£000	£000	£000	£000
<b>Usable Reserves:</b>						
Council Fund balance: Authority	10.3	10,388	497	10,884	1,068	11,952
Council Fund balance: LMS School Balances	10.5	(905)	(3,187)	(4,092)	(2,788)	(6,880)
Earmarked reserves	10.4	9,359	433	9,791	5,718	15,509
Capital Receipts Reserve	10.6	10,220	(4,010)	6,210	(732)	5,478
Usable Reserves: SEWCJC		1,579	(408)	1,171	700	1,872
<b>Total Usable Reserves</b>		<b>30,641</b>	<b>(6,675)</b>	<b>23,965</b>	<b>3,966</b>	<b>27,930</b>
<b>Unusable Reserves:</b>						
Revaluation Reserve	10.7	81,737	18,623	100,360	1,731	102,091
Capital Adjustment Account	10.8	248,207	15,077	263,284	(135)	263,149
Financial Instruments Adjustment Account		(449)	48	(401)	22	(379)
Pension Reserve	10.9	(5,980)	(52,105)	(58,085)	4,961	(53,124)
Deferred Capital Receipts Reserve	10.11	2,443	(107)	2,336	(110)	2,226
Financial Instrument Revaluation Reserve		(347)	0	(347)	163	(184)
Accumulated Absences Adjustment Account	10.10	(3,562)	(30)	(3,592)	(497)	(4,088)
Unusable Reserves: SEWCJC	16.6	265	495	759	(92)	667
<b>Total Unusable Reserves</b>		<b>322,314</b>	<b>(17,999)</b>	<b>304,315</b>	<b>6,043</b>	<b>310,359</b>
<b>Total Authority Reserves</b>		<b>352,955</b>	<b>(24,674)</b>	<b>328,280</b>	<b>10,009</b>	<b>338,289</b>

### 10.2 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note summarises the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. A more detailed overview is provided in the individual notes that follows for each reserve:

Movements in 2025/26:	Council Fund Balance	Usable Reserves	Unusable Reserves
	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Charges for depreciation and impairment of Property, Plant and Equipment assets	26,592	-	(26,592)
Charges for impairment of Heritage Assets	297	-	(297)
Revaluation movements on Property Plant and Equipment (charged to SDPS)	736	-	(736)
Revaluation movements on Assets Held for Sale (charged to SDPS)	(293)	-	293
Gain arising on initial recognition of peppercorn right-of-use assets (IFRS 16)	(436)	-	436

Movements in the market value of Investment Properties	1,380	-	(1,380)
Amortisation and impairment of intangible assets	4	-	(4)
Capital grants and contributions applied to capital financing	(15,004)	-	15,004
Revenue expenditure funded from capital under statute	3,709	-	(3,709)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,886	-	(2,886)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Statutory provision for the financing of capital investment (MRP)	(9,010)	-	9,010
Capital expenditure charged against the Council Fund	(429)	-	429
<b>Adjustments involving the Capital Receipts Reserve:</b>			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,760)	2,870	(110)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(3,602)	3,602
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(22)	-	22
<b>Adjustments involving the Pensions Reserve:</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	14,376	-	(14,376)
Employer's pensions contributions and direct payments to pensioners payable in the year	(20,163)	-	20,163
<b>Adjustment involving the Accumulated Absences Account:</b>			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	495	-	(495)
<b>Adjustment between the Capital Adjustment Account and the Revaluation Reserve:</b>			
Depreciation of non-current asset revaluation gains	0	-	0
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>2,357</b>	<b>(732)</b>	<b>(1,625)</b>

<b>Movements in 2024/25:</b>	<b>Council Fund Balance</b>	<b>Usable Reserves</b>	<b>Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Charges for depreciation and impairment of Property, Plant and Equipment assets	19,720	-	(19,720)
Charges for impairment of Heritage Assets	134	-	(134)
Revaluation movements on Property Plant and Equipment (charged to SDPS)	(4,383)	-	4,383
Revaluation movements on Assets Held for Sale (charged to SDPS)	0	-	0
Movements in the market value of Investment Properties	3,703	-	(3,703)
Amortisation and impairment of intangible assets	212	-	(212)
Capital grants and contributions applied to capital financing	(23,043)	-	23,043

Revenue expenditure funded from capital under statute	4,285	-	(4,285)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	778	-	(778)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Statutory provision for the financing of capital investment (MRP)	(7,530)	-	7,530
Capital expenditure charged against the Council Fund	(282)	-	282
<b>Adjustments involving the Capital Receipts Reserve:</b>			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(157)	264	(107)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(4,274)	4,274
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(48)	-	48
<b>Adjustments involving the Pensions Reserve:</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	15,508	-	(15,508)
Employer's pensions contributions and direct payments to pensioners payable in the year	(19,741)	-	19,741
<b>Adjustment involving the Accumulated Absences Account:</b>			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	-	(27)
<b>Adjustment between the Capital Adjustment Account and the Revaluation Reserve:</b>			
Depreciation of non-current asset revaluation gains	-	-	-
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(10,817)</b>	<b>(4,010)</b>	<b>14,827</b>

### 10.3 Usable Reserves available for Revenue Purposes

The in-year movements in the Authority's usable Reserves that are available to be applied for revenue purposes are summarised below:

Each of the Authority's Schools is directly governed by a Board of Governors, which is responsible for managing the school's finances. The balance on the Council Fund includes a deficit of £6.880 million in respect of school balances held under local management schemes. Surplus balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally.

	At 1st April 2024 £000	In Year Movement £000	At 31st March 2025 £000	In Year Movement £000	At 31st March 2026 £000
Amount of Council Fund Balance held by Schools under Local Management Schemes	(905)	(3,187)	(4,092)	(2,788)	(6,880)
Amount of Council Fund Balance generally available for new expenditure	10,388	497	10,884	1,068	11,952
Total Council Fund Balance	9,483	(2,690)	6,793	(1,720)	5,072
Earmarked Revenue Reserves	9,359	433	9,791	5,718	15,509
<b>Total Usable Reserves available for Revenue Purposes</b>	<b>18,841</b>	<b>(2,257)</b>	<b>16,584</b>	<b>3,997</b>	<b>20,581</b>

## 10.4 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the Council Fund into earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure.

Earmarked reserves have been set up where there has been a need to set aside resources for a specific future purpose. The purpose of each earmarked reserve is detailed below. Utilisation of these reserves is under the control of the Cabinet.

The transfers to and from Earmarked Reserves in 2025/26 can be summarised as follows:

	At 31st March 2024 £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2025 £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2026 £000
Invest to Redesign	1,236			1,236			1,236
Priority Investment	432		(27)	405			405
Insurance and risk management	925			925	67		992
IT Transformation	357	664	(214)	807	325	(176)	956
Treasury equalisation	1,597		(1,007)	590			590
Capital Investment	625		(375)	250			250
Redundancy and Pensions	769		(88)	681			681
Pay Inflation Reserve	(0)	130		130			130
Council Tax Premium Reserve	0	1,062	(253)	809	1,030	(253)	1,587
Programme of Change Reserve	0	350		350	253		603
Risk Mitigation Reserve	0			0	2,500		2,500
Capital Receipt Generation	314			314			314
<b>Service and partnership Reserves:</b>							
Elections	160	100		260	50	(50)	261
Museums acquisition	36			36			36
Solar Farm Maintenance & Community Fund	181	23		204	23		227
Castlegate Business Park	85			85	391		476
Sustainability - PV Invertor Replacement Reserve	40		(28)	12	17		29
Ukrainian Support Reserve	1,472		(400)	1,072		(246)	826
Local Resilience Forum	116	1		117		(6)	112
Grass Routes Buses	176	5		181	5		186
Schools sickness & maternity cover	346		(22)	324		(109)	216
Youth Offending Team	150			150			150
Building Control	(11)			(11)	11		0
Rural Development Plan	15		(15)	0			0
Highways & Waste Management Reserve	0			0	1,790	(123)	1,667
Highways Plant & Equipment Replacement	103	100		203	150		353
Unaccompanied Asylum Seeking Children	0	351		351			351
Energy Efficiency Development Reserve	236	74		310	67		376

<b>Total</b>	<b>9,359</b>	<b>2,860</b>	<b>(2,428)</b>	<b>9,791</b>	<b>6,680</b>	<b>(962)</b>	<b>15,509</b>
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**Invest to Redesign Reserve** - To fund service redesign to either improve the service, generate income or reduce costs.

**Priority Investment Reserve** - To fund additional one off investment in the Authority's agreed priorities.

**Insurance and Risk Management Reserve** - To meet excesses and administration costs on claims against the Council, to provide cover on self insured risks and contribute to risk management activities.

**I.T. Transformation Reserve** - To invest in information technology in support of the organisations outcomes and generation of improved service efficiency, income generation or cost savings.

**Treasury Equalisation Reserve** - Originally created from loan rescheduling discounts and premia, the reserve is held to manage the longer term approach to treasury decisions.

**Capital Investment Reserve** - To finance future capital expenditure.

**Redundancy and Pensions Reserve** - To meet redundancy costs and commuted payments for early retirements over a maximum of 5 years.

**Pay Inflation Reserve** - To mitigate against the volatility and budgetary risk of future pay settlements.

**Capital Receipt Generation Reserve** - Securing capital receipts is a vital element of the Authority's capital investment strategy. Improving the final disposal value by investment, either in the fabric of the asset or by proper disposal expertise ensures the Council obtains the best possible value for surplus assets.

**Ukrainian Support Reserve** - Created from unspent Welsh and UK Government funding to cover future costs related to housing and supporting Ukrainian refugees.

**Council Tax Premium Reserve** – This reserve holds income generated from council tax premiums on second homes and long-term empty properties. The funds are earmarked for strategic investment within the County to address housing challenges. Key objectives include:

- Bringing long-term empty properties back into use – Encouraging owners to sell or rent these properties to increase the availability of housing.
- Supporting the supply of affordable housing – Discouraging underuse of housing stock to make more homes accessible to local residents.
- Enhancing the sustainability of local communities – Reducing the number of empty or intermittently occupied homes to help maintain vibrant, year-round communities, particularly in areas with high concentrations of second homes.

**Programme of Change Reserve** - This reserve is designated to provide targeted, upfront support for the Council's change initiatives. It underpins efforts to develop and implement financially sustainable service delivery models that align with the strategic priorities outlined in the Community and Corporate Plan.

**Risk mitigation Reserve** - The Risk Mitigation Reserve provides a prudent buffer to manage financial risks that are uncertain in timing or value, including demand pressures, inflation, and funding volatility. It enables a controlled response to in-year pressures and supports overall financial resilience, with use subject to formal governance and aligned to medium-term financial planning.

**Service Reserves** - Held for a specific service purpose and maintained to support and develop service delivery, mitigate specific service risk, or support collaborative arrangements.

## 10.5 School Balances

The balance on the Council Fund includes a net deficit of £6.880 million in respect of budgets delegated to schools. Schools reported a net deficit of £2.789 million during 2025/26, increasing the accumulated deficit from £4.092 million at 31 March 2025 to £6.880 million at 31 March 2026.

These balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally. Details of the movements of these reserves are shown below:

	At 1st April 2024	In Year Movement	At 31st March 2025	In Year Movement	At 31st March 2026
	£	£	£	£	£
<b>Comprehensives</b>					
Caldicot	(352,437)	85,181	(267,256)	(478,145)	(745,401)
Chepstow	(853,038)	(277,952)	(1,130,990)	242,537	(888,178)
Monmouth	229,657	(197,735)	31,922	(69,213)	(37,291)
<b>Sub Total Comprehensives</b>	<b>(975,817)</b>	<b>(390,507)</b>	<b>(1,366,324)</b>	<b>(304,821)</b>	<b>(1,670,871)</b>
<b>Middle</b>					
King Henry VIII 3-19	(329,197)	(1,056,972)	(1,386,169)	(855,265)	(2,241,434)
<b>Sub Total Middle</b>	<b>(329,197)</b>	<b>(1,056,972)</b>	<b>(1,386,169)</b>	<b>(855,265)</b>	<b>(2,241,434)</b>
<b>Primaries</b>					
Archbishop R Williams	26,821	55,323	82,144	10,668	92,812
Cantref	110,417	(8,922)	101,495	50,893	152,388
Castle Park	75,046	(56,304)	18,742	(36,655)	(17,913)
Cross Ash	58,467	(43,790)	14,677	(59,568)	(44,891)
Dewstow	57,560	(51,255)	6,305	97,491	103,796
Durand	58,705	34,692	93,397	15,971	109,368
Gilwern	(22,924)	7,206	(15,718)	(53,268)	(68,985)
Goytre Fawr	7,344	36,302	43,646	(38,438)	5,208
Kymin View	76,867	(140,353)	(63,486)	41,025	(22,461)
Llandogo	17,655	(10,243)	7,412	15,789	23,202
Llanfoist	125,485	(37,865)	87,620	(67,157)	20,463
Llantilio Pertholey	60,748	14,015	74,763	(84,480)	(9,717)
Llanvihangel Crucorney	96,866	(13,258)	83,608	(22,352)	61,256
Magor Vol Aided	161,519	44,605	206,124	(15,521)	190,603
New Pembroke Primary	171,076	96,968	268,044	30,730	298,773
Osbaston Church in Wales	(73,488)	9,680	(63,808)	14,277	(49,531)
Our Lady's & St Michael's Catholic Primary	(21,255)	(32,634)	(53,889)	(19,015)	(72,903)
Overmonnow	(124,404)	(130,825)	(255,229)	(97,681)	(352,910)
Raglan	175,381	(14,092)	161,289	(52,623)	108,666
Rogiet	(65,421)	(103,791)	(169,212)	(74,546)	(243,758)
Shirenewton	129,943	974	130,917	31,758	162,675
St Mary's (Chepstow)	70,003	360	70,363	(26,269)	44,094
The Dell	(80,994)	(77,188)	(158,182)	(19,118)	(177,300)
Thornwell	(95,190)	(73,593)	(168,783)	(28,604)	(197,387)
Trellech	100,053	(7,524)	92,529	20,008	112,537
Undy	141,509	703	142,212	(86,896)	55,316
Usk CV	91,419	(72,307)	19,112	(10,785)	8,326

Ysgol Gymraeg Y Fenni	(170,465)	(115,614)	(286,079)	46,460	(239,620)
Ysgol Gymraeg Ffin	(16,663)	(58,553)	(75,216)	(116,563)	(191,779)
Ysgol Gymraeg y Trefynwy	0	(88,855)	(88,855)	73,555	(15,301)
<b>Sub Total Primaries</b>	<b>1,142,080</b>	<b>(836,139)</b>	<b>305,941</b>	<b>(460,913)</b>	<b>(154,972)</b>
<b>Other</b>					
Pupil Referral Unit	(742,160)	(903,018)	(1,645,178)	(1,167,652)	(2,812,830)
<b>Sub Total Other</b>	<b>(742,160)</b>	<b>(903,018)</b>	<b>(1,645,178)</b>	<b>(1,167,652)</b>	<b>(2,812,830)</b>
<b>Total</b>	<b>(905,094)</b>	<b>(3,186,636)</b>	<b>(4,091,730)</b>	<b>(2,788,651)</b>	<b>(6,880,107)</b>

## 10.6 Capital Receipts Reserve

Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's borrowing requirement. Receipts are appropriated to the reserve from the Council Fund through the Movement in Reserves Statement.

2024/25 £000		2025/26 £000
10,220	Balance as at 1st April	6,210
157	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,760
107	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	110
(4,274)	Less: use of the Capital Receipts Reserve to finance new capital expenditure	(3,602)
<b>6,210</b>	<b>Balance as at 31st March</b>	<b>5,478</b>

## 10.7 Revaluation Reserve

The Revaluation Reserve contains the net gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, and Heritage Assets. The balance is reduced when assets are:

- Revalued downwards or impaired;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25 £000		2025/26 £000
81,737	Balance at 1 April	100,360
23,352	Upward revaluation of assets	13,671
(2,129)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(7,671)
(2,599)	Difference between fair value depreciation and historical cost depreciation	(3,555)
0	Accumulated gains on assets sold or scrapped	(714)
<b>100,360</b>	<b>Balance at 31 March</b>	<b>102,091</b>

## 10.8 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

This note provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25 £000		2025/26 £000
248,207	Balance at 1 April	263,284
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(19,720)	Charges for depreciation and impairment of property, plant and equipment assets	(26,592)
(134)	Impairment of Heritage assets	(297)
4,383	Revaluation movements on Property, Plant and Equipment	(736)
0	Revaluation movements on Assets Held for Sale	293
0	Gain on acquisition of peppercorn right-of-use asset	436
(212)	Amortisation & impairment of intangible assets	(4)
(4,285)	Revenue expenditure funded from capital under statute	(3,709)
(778)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,172)
0	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	0
2,599	Adjusting amounts written out of the Revaluation Reserve	3,555
1,798	SEWCJC Adjustment	2,424
4,274	Use of the Capital Receipts Reserve to finance new capital expenditure	3,602
23,043	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	15,004
7,530	Statutory provision for the financing of capital investment charged against the Council Fund	9,010
282	Capital expenditure charged against the Council Fund	429
(3,703)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,380)
<b>263,284</b>	<b>Balance at 31 March</b>	<b>263,149</b>

## 10.9 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25 £000		2025/26 £000
(5,980)	Balance at 1 April	(58,085)
(56,338)	Remeasurement gains or (losses) on pension assets and liabilities	(826)
(15,508)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(14,376)
19,741	Employer's pensions contributions and direct payments to pensioners payable in the year	20,163
(58,085)	<b>Balance at 31 March</b>	<b>(53,124)</b>

#### 10.10 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account. Further information on the calculations of benefits can be found in note 17.8 to the accounts.

2024/25 £000		2025/26 £000
(3,562)	Balance at 1 April	(3,590)
3,562	Settlement or cancellation of accrual made at the end of the preceding year	3,590
(3,589)	Amounts accrued at the end of the current year	(4,085)
(3)	Share of SEWCJC	(3)
(3,592)	<b>Balance at 31 March</b>	<b>(4,088)</b>

#### 10.11 Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which full cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these amounts as usable resources until the associated cash receipts have been received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

The balance at the 31st March 2026 is made up of £2.226m relating to the Old Abergavenny cattle market site disposed of under a finance lease.

2024/25 £000		2025/26 £000
2,443	Balance at 1 April	2,336
(107)	Transfer to the Capital Receipts Reserve upon receipt of cash	(110)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
2,336	<b>Balance at 31 March</b>	<b>2,226</b>

## 11 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

### 11.1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council tax payers how the funding available to the authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes in accordance with the Authority's management reporting structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2024/25				2025/26		
Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
65,120	(1,177)	63,943	Learning, Skills & Economy	73,070	2,720	75,790
71,210	155	71,365	Social Care & Health	76,132	4,155	80,287
25,655	12,731	38,386	Infrastructure	20,956	6,245	27,202
7,454	(467)	6,987	Place & Community Wellbeing	5,030	2,468	7,498
3,347	305	3,652	People, Performance & Partnerships	6,242	622	6,864
2,843	(140)	2,704	Law & Governance	3,143	(241)	2,902
8,610	11,758	20,369	Resources	8,631	12,530	21,161
27,461	(25,938)	1,523	Corporate	28,549	(28,393)	156
0	1,226	1,226	SEWCJC	0	808	808
211,701	(1,547)	210,154	Cost of Services	221,755	914	222,668
(212,634)	(8,806)	(221,440)	Other Income & Expenditure	(222,822)	(4,713)	(227,535)
(933)	(10,353)	(11,287)	Surplus or Deficit	(1,068)	(3,799)	(4,867)
(10,388)			Opening General Fund Balance	(10,885)		
(497)			Surplus or Deficit on General Fund	(1,068)		
(10,885)			Closing General Fund Balance	(11,952)		

### Adjustments from the General Fund to arrive at the CIES Amounts:

2024/25					2025/26			
Adjustments for Capital Purposes £000	Net Change for Pensions for Adjustments £000	Other differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions for Adjustments £000	Other differences £000	Total Adjustments £000
2,717	(1,311)	(2,583)	(1,177)	Learning, Skills & Economy	5,278	(2,263)	(294)	2,720
2,324	(1,183)	(986)	155	Social Care & Health	7,774	(2,554)	(1,065)	4,155
10,748	(1,092)	3,075	12,731	Infrastructure	10,057	(1,789)	(2,023)	6,245
503	(475)	(495)	(467)	Place & Community Wellbeing	4,109	(856)	(785)	2,468
277	(134)	162	305	People, Performance & Partnerships	911	(513)	223	622
0	(93)	(47)	(140)	Law & Governance	0	(202)	(39)	(241)

3,373	(281)	8,666	11,758	Resources	2,484	(576)	10,622	12,530
438	152	(26,528)	(25,938)	Corporate	432	(143)	(28,682)	(28,393)
0	0	1,226	1,226	SEWCJC	0	0	808	808
20,380	(4,417)	(17,510)	(1,547)	Cost of Services	31,044	(8,895)	(21,235)	914
(30,020)	184	21,030	(8,806)	Other Income & Expenditure	(24,215)	3,108	16,394	(4,713)
(9,640)	(4,233)	3,520	(10,353)	Adjustments between the Funding & Accounting Basis	6,829	(5,787)	(4,841)	(3,799)

## 11.2 Expenditure & Income analysed by nature

The Authority's expenditure and income is analysed as follows:

2024/25 £000		2025/26 £000
156,386	Employee benefits expenses	161,480
166,386	Other services expenses	165,316
30,186	Depreciation, amortisation and impairment	37,087
26,611	Precepts & levies	28,984
7,066	Interest payments	8,115
778	Gain/loss on disposal of non-current assets	2,886
1,825	SEWCJC Adjustment	1,516
<b>389,238</b>	<b>Total Expenditure</b>	<b>405,384</b>
(72,472)	Fees, charges & other service income	(71,110)
(3,685)	Interest and investment income	(4,159)
(137,971)	Income from council tax & NNDR	(145,988)
(181,687)	External grants and contributions	(181,490)
(157)	Gain/loss on disposal of non-current assets	(2,760)
(4,552)	SEWCJC Adjustment	(4,743)
<b>(400,525)</b>	<b>Total Income</b>	<b>(410,250)</b>
<b>(11,287)</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>(4,867)</b>

## 11.3 Financing and Investment Income and Expenditure

A summary level breakdown of Financing and Investment Income and Expenditure reported on the face of the Comprehensive Income and Expenditure Statement for the year is shown below. Further information is contained within the respective notes to the accounts.

31st March 2025			Note	31st March 2026		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,066	0	7,066	13.2	8,126	0	8,126
184	0	184	14.3	3,108	0	3,108
0	(1,313)	(1,313)	13.2	0	(1,326)	(1,326)
9,323	(7,680)	1,643	12.5	7,526	(8,910)	(1,383)

2,817	(2,513)	304	Surpluses and deficits on trading undertakings not included within the Cost of Services		3,055	(2,525)	529
0	(7)	(7)	Other investment income		0	(5)	(5)
126	(335)	(210)	SEWCJC		127	(400)	(274)
<b>19,516</b>	<b>(11,849)</b>	<b>7,667</b>	<b>Total Financing and Investment Income and Expenditure</b>		<b>21,942</b>	<b>(13,167)</b>	<b>8,775</b>

#### 11.4 Agency Income & expenditure

The Council administers a number of grant schemes and funding streams on behalf of Welsh Government, UK Government and other public sector bodies. Where the Council acts solely as an agent, the transactions do not belong to the Council and are therefore excluded from the Comprehensive Income and Expenditure Statement.

The Council acted as an agent in the provision of the following funding streams:

Amount Received 2024/25 (£000's)	Scheme	Purpose	Amount Received 2025/26 (£000's)
5	<b>Ukraine £200</b>	Each Ukrainian person arriving in the UK is eligible for a £200 cash payment to support them with essentials before universal credit is awarded.	2
50	<b>Ukraine £350 Host Payments</b>	£350 monthly payment funded by UK Government.	176
21	<b>Ukraine £150 Host Top-up Payments</b>	£150 monthly top up payment by Welsh Government for guests that have been in the country for less than a year	10
271	<b>Ukraine £500 Host Payments</b>	£500 monthly payment by UK Government for guests that have been in the country for more than a year	21
18	<b>Ukraine £100 Host Top Up Payments</b>	£100 top up payment by Monmouthshire County Council	0
557	<b>Cardiff City Council</b>	Payment on behalf of Cardiff City Council to facilitate SEWCJC transaction	0
3,942	<b>Gwent Police Collaborative Arrangement</b>	The Council acts as an agent on behalf of Gwent Police where their property maintenance service is managed by Monmouthshire County Council. Payments are made on behalf of Gwent Police with full reimbursement made during the year.	2,371
30,235	<b>Bus Services Support Grants</b>	Monmouthshire County Council is the regional lead on the Bus services support grant and Bus Network grant, acting as the agent on behalf of Welsh Government.	33,440
1,833	<b>NDR Rate Relief Scheme</b>	Monmouthshire County Council provided rate relief to eligible business under the Welsh Government's Retail, Leisure and Hospitality Rates Relief Scheme	1,986
0	<b>Council Tax Low Income Disabled Band Reduction Scheme</b>	£100 winter grant payment paid by Welsh Government to low income households with a disabled resident	3
0	<b>Storm Claudia Householder Support Payments</b>	Grants provided by Welsh Government to householders in response to Storm Claudia	139

0	<b>Storm Claudia Business Support Payments</b>	Grants provided by Welsh Government to businesses in response to Storm Claudia	147
<b>36,932</b>	<b>Total</b>		<b>38,295</b>

These transactions are not included in the figures reported in the primary statements or elsewhere within these accounts.

## 11.5 Council Tax & National Non-Domestic Rates

### Council Tax

Council tax derives from charges raised according to the value of residential properties. Each dwelling has been classified into one of nine valuation bands according to its capital value at 1 April 2003 for this specific purpose. Charges are calculated by taking the amount of income required for the Authority, Office of Police and Crime Commissioner for Gwent and Town and Community Councils for the forthcoming year and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each valuation band adjusted by a proportion to convert the number to a Band D equivalent, totalled across all bands and adjusted for discounts. The tax base was 48,566.96 for 2025/26 (48,465.53 for 2024/25).

This average basic amount for a Band D property, £2,277.19 (£2,110.67 in 2024/25), is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax premiums have been chargeable since 1 April 2024. For second homes a premium of 100% is charged. For long term empty properties a 100% premium applies to properties empty for one year; a 200% premium to properties empty for two years; and a 300% premium to properties empty for three years or more.

Council tax bills were based on the following multipliers for bands A to I.

Band	A	B	C	D	E	F	G	H	I
<b>Multiplier</b>	6/9	7/9	8/9	1.0	11/9	13/9	15/9	18/9	21/9
<b>Chargeable Dwellings</b>	538	3,471	7,188	9,512	7,740	8,094	5,529	1,794	668
<b>Property Value (£000)</b>	up to 44	44-65	65-91	91-123	123-162	162-223	223-324	324-424	424+

The analysis of the net proceeds from council tax are as follows:

2024/25 £000		2025/26 £000
(103,100)	Council tax collectable	(111,376)
835	Provision for non-payment of council tax	710
<b>(102,265)</b>	<b>Total Council Tax proceeds</b>	<b>(110,666)</b>

### National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate, 0.568p per £ in 2025/26 (0.562p per £ in 2024/25) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The NNDR income after relief and provisions was £27,511,898 (£25,312,901 for 2024/25) and was based on rateable values of £62,781,806 (£61,528,461 for 2024/25).

The Authority acts as the Welsh Government's agent and collects rates due from ratepayers in its area and then pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable to the local authorities on the basis of a fixed amount per head of population. The total amount redistributed from the National Pool to the Council in 2025/26 was £34.61m (£34.87m in 2024/25).

A net debtor of £1,324,537 at 31st March 2026 (£1,928,864 debtor as at 31st March 2025) is included in the balance sheet representing the Authority's share of the year-end balance on the National Non-Domestic Rates collection fund.

## 11.6 Grant Income

### Capital Grants and Contributions

The Authority has credited the following capital grants & contributions to the Comprehensive Income and Expenditure Statement in 2025/26:

2024/25 £000		2025/26 £000
2,502	WG General Capital Grant	4,416
565	Section 106 Developer Contributions	440
24,164	Grants	12,945
0	Other Contributions	13
<b>27,231</b>	<b>Total</b>	<b>17,814</b>
	<b>Credited to the Comprehensive Income and Expenditure Statement:</b>	
(4,188)	Grants and contributions applied towards Revenue Expenditure Funded from Capital under Statute	(2,810)
(23,043)	Capital grants and contributions applied and credited to Taxation and Non-specific Grant Income	(15,004)
<b>(27,231)</b>	<b>Total</b>	<b>(17,814)</b>

### Capital Grants and Contributions Received in Advance

The Authority has also received a number of capital grants and contributions that contain conditions that have not yet been satisfied at the reporting date. The balances at the year-end are as follows:

2024/25 £000		2025/26 £000
	<b>Developer Contributions held in Advance:</b>	
5,711	S106 Developer contributions	6,916
<b>5,711</b>	<b>Total</b>	<b>6,916</b>

### Revenue Grants and Contributions

Revenue grant income is recognised when there is reasonable assurance that the Authority will comply with the grant conditions and that the grant will be received.

The Authority credited the following revenue grants and contributions to the Comprehensive Income and Expenditure Statement:

2024/25 (Restated*) £000	Revenue Grants credited to services	2025/26 £000
	<b>Central Government:</b>	
15,201	Housing Benefit Subsidy	12,338
	<b>Welsh Government:</b>	
10,731	Education - EIG/PDG/LAEG	9,411
2,804	Education - General grants	1,423
4,387	Education - Post-16 Funding	4,660
2,984	Education - Children & Communities	3,641
2,352	Education - Universal Free School Meals	2,358
3,046	Housing Support Grant (Supporting People)	3,411
894	Housing / Homelessness	137
1,113	Social care workforce grant	1,165
562	Eliminate Agenda	446
0	Pathways of Care	914

28	Connecting Care	535
524	Radical reform	0
577	Deprivation of Liberties (DOLS)	557
1,332	Animal Health and Licensing	890
3,714	Concessionary Fares, Transport Subsidy	4,258
482	Waste Management	533
81	Floods and SUDS	253
1,014	Ukrainian Support Fund	145
263	Communities for Work	306
105	Youth Support	450
101	Storm related funding	88
0	National insurance increases / Other pay related	2,949
1,563	Scape Pensions	0
1,010	INFUSE - Innovating Public Services	0
1,973	Other WG grants	1,895
	<b>UK Government department:</b>	
0	Waste - Extended producer responsibility	4,665
177	National Lottery Heritage Fund	724
2,427	Shared Prosperity Fund	2,081
923	Asylum Seeker support	811
159	Younger Peoples Accommodation	264
352	Youth Offending	336
360	Police and Crime Commissioner	138
881	<b>Other Grants &amp; Contributions</b>	616
<b>62,119</b>	<b>Total Revenue Grants credited to services</b>	<b>62,398</b>
	<b>Non-Specific Grant Income</b>	
34,871	Non-Domestic Rates	34,612
91,148	Revenue Support Grant	100,637
1,189	Non-specific Welsh Government Grant funding	0
<b>127,208</b>	<b>Total Non-Specific Grant Income</b>	<b>135,249</b>

\* Categories of grants restated to more accurately align with the changes to grant funding streams in 2025/26. There is no change to the overall value of grants as disclosed in the 2024/25 statement of accounts.

## 12 NON-CURRENT ASSET & CAPITAL FINANCING NOTES

### 12.1 Property, Plant and Equipment

The following tables summarise the movements in the Authority's property, plant and equipment portfolio by asset type for the years ending 31st March 2026 and 31st March 2025.

Movements in 2025/26:	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment*
<b>Cost or Valuation:</b>								
<b>At 1st April 2025</b>	319,828	23,307	4,547	10	57,471	2,578	407,741	1,511
Additions	6,421	993	200		8,012	4,838	20,463	
Revaluation movements taken to Revaluation Reserve	(7,137)						(7,137)	136
Revaluation movements taken to Surplus/Deficit on Provision of Services	(2,277)						(2,277)	
Impairment movements taken to Surplus/Deficit on Provision of Services	(2,131)	(240)	(179)				(2,549)	
Impairment movements taken to the Revaluation Reserve	(1,045)		(21)			(1)	(1,067)	
Reclassified (to)/from Held for Sale	(1,829)	(835)		1,250			(1,414)	
Other reclassifications	64,210				(64,691)		(481)	
Movement in SEWCJC Assets		(27)			4		(22)	
<b>At 31st March 2026</b>	<b>376,041</b>	<b>23,198</b>	<b>4,547</b>	<b>1,260</b>	<b>796</b>	<b>7,414</b>	<b>413,257</b>	<b>1,647</b>
<b>Accumulated Depreciation:</b>								
At 1st April 2025	(2,745)	(14,183)				(829)	(17,757)	(0)
Depreciation charge	(13,488)	(1,751)				(3,090)	(18,328)	(66)
Depreciation written out on revaluation to Revaluation Reserve	13,490					13	13,503	66
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	1,541						1,541	
Depreciation written out on impairment to Surplus/Deficit on Provision of Services	1,140						1,140	
Reclassified to/(from) Held for Sale	63	710					773	
<b>At 31st March 2026</b>	<b>0</b>	<b>(15,224)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,906)</b>	<b>(19,130)</b>	<b>(0)</b>
<b>Net Book Value:</b>	<b>376,042</b>	<b>7,975</b>	<b>4,547</b>	<b>1,260</b>	<b>796</b>	<b>3,508</b>	<b>394,128</b>	<b>1,647</b>

<b>Movements in 2024/25</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Right of Use Assets £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI Assets Included in Property, Plant and Equipment* £000</b>
<b>Cost or Valuation:</b>								
At 1st April 2024	297,642	26,051	4,547	10	38,217	0	366,467	1,529
Additions	7,807	1,429	67	0	19,285	2,578	31,166	
Revaluation movements taken to Revaluation Reserve	14,630						14,630	(18)
Revaluation movements taken to Surplus/Deficit on Provision of Services	2,160						2,160	
Impairment movements taken to Surplus/Deficit on Provision of Services	(1,621)	(285)	(59)	0			(1,964)	
Impairment movements taken to the Revaluation Reserve	(1,182)		(8)	0			(1,190)	
Reclassified (to)/from Held for Sale	0	(3,818)					(3,818)	
Other reclassifications	392						392	
Movement in SEWCJC Assets		(70)			(31)		(102)	
<b>At 31st March 2025</b>	<b>319,828</b>	<b>23,307</b>	<b>4,547</b>	<b>10</b>	<b>57,471</b>	<b>2,578</b>	<b>407,741</b>	<b>1,511</b>
<b>Accumulated Depreciation:</b>								
At 1st April 2024	(3,375)	(14,930)				-	(18,305)	0
Depreciation charge	(9,488)	(2,293)				(829)	(12,610)	(64)
Depreciation written out on revaluation to Revaluation Reserve	7,783						7,783	18
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	2,223						2,223	46
Depreciation written out on impairment to Surplus/Deficit on Provision of Services	112						112	
Reclassified to/(from) Held for Sale		3,040					3,040	
<b>At 31st March 2025</b>	<b>(2,745)</b>	<b>(14,183)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(829)</b>	<b>(17,757)</b>	<b>(0)</b>
<b>Net Book Value:</b>	<b>317,083</b>	<b>9,125</b>	<b>4,547</b>	<b>10</b>	<b>57,471</b>	<b>1,749</b>	<b>389,984</b>	<b>1,511</b>

## 12.1b Infrastructure Disclosure

In accordance with Regulation 24L of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, the Authority has applied the statutory override relating to infrastructure assets. Gross carrying amount and accumulated depreciation information is not disclosed, as historical information is not available in a form that would provide a faithful representation of the Authority's infrastructure asset position.

The Authority has determined that the carrying amount to be derecognised on replacement of infrastructure assets is nil.

2024/25 £000		2025/26 £000
90,028	<b>Net Book Value At 1 April</b>	94,799
10,028	Additions	9,337
0	Derecognition	0
(3,242)	Depreciation	(3,540)
(2,015)	Impairment	(3,314)
0	Other Movements in Costs	0
94,799	<b>Net Book Value At 31 March</b>	97,282

### 12.1c Right of Use Assets

From 1 April 2024, the Council adopted IFRS 16, which requires most leases where the Council is the lessee to be recognised on the balance sheet. This means that assets previously treated as operating leases - such as vehicles, equipment, property, and land - are now recorded as right-of-use assets, with corresponding lease liabilities.

Under IFRS 16, lessor accounting remains largely unchanged. The Council has applied the standard retrospectively using the modified approach, meaning prior year figures have not been restated. Instead, balances have been recognised from 1 April 2024 using the modified retrospective approach permitted by the Code.

Exemptions have been applied for:

- Leases of low-value assets
- Short-term leases with a lease term of 12 months or less

For these, lease payments continue to be recognised as an expense on a straight-line basis over the lease term.

	Land and Buildings £000	Vehicle, Plant & Equipment £000	Total £000
Balance at 1 April 2025	3,018	246	3,264
Additions	45	2,558	2,603
Additions - New Lease Arrangements	489	0	489
Depreciation	(1,049)	(1,811)	(2,860)
Revaluation Movement	0	12	12
Disposals	0	0	0
<b>Balance at 31 March 2026</b>	<b>2,504</b>	<b>1,005</b>	<b>3,508</b>

### 12.2 Programme for the revaluation of non-current assets

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Authority's Estates Section overseen by a qualified member of the Royal Institution of Chartered Surveyors (RICS). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

The following statement summarises the progress of the Authority's rolling programme for the revaluation of non-current assets:

- The 2025/26 revaluations were carried out or approved by qualified valuers within the Authority's Estates section or external qualified valuers. The basis for valuation is set out in the accounting policies within section 17 of the notes to the accounts.
- All assets subject to the Authority's rolling revaluation programme have been valued within the five-year period ending 31 March 2026. The valuations carried out during 2025/26 include Community Centres, Comprehensive & Primary Schools, Corporate Facilities, Hubs & Public Contact Centres, Leisure & Outdoor Education Centres, Museum & Theatres Recreational Spaces and Care & Housing Facilities.

- In addition to the rolling programme of revaluations, assets not individually revalued during the year have been reviewed for material movements through the application of relevant market and cost indices. This approach ensures that asset carrying values remain materially current between formal valuations by reflecting movements in relevant market and cost indices.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment £000
Carried at historical cost		7,784	4,547	1260	773	3,508	17,872
<b>Valued at current value as at:</b>							
31st March 2025	133,167	-	-	-	-	-	133,167
31st March 2024	43,734	-	-	-	-	-	43,734
31st March 2023	38,264	-	-	-	-	-	38,264
31st March 2022	160,876	-	-	-	-	-	160,876
31st March 2021	0	-	-	-	-	-	0
SEWCJC Assets	-	191	-	-	23	-	214
<b>Total Cost or Valuation</b>	<b>376,041</b>	<b>7,975</b>	<b>4,547</b>	<b>1,260</b>	<b>796</b>	<b>3,508</b>	<b>394,128</b>

### 12.2b Asset Valuation Indexation

In addition to the rolling programme of formal valuations, the Authority applies indexation to certain land and building assets that have not been formally revalued during the year. This approach uses relevant construction cost and market indices to ensure that the carrying values of assets remain materially current between formal valuations.

Indexation is applied in accordance with the requirements of the Code and reflects movements in asset values occurring since the most recent formal valuation. During 2025/26, the Authority applied a range of indexation factors to relevant asset categories, resulting in a net increase in asset values of £6.387 million being recognised within the accounts

The most significant movement related to operational land and buildings, where construction and market indices continued to indicate upward pressure on values. Formal revaluations continue to be undertaken at least every five years in accordance with the Authority's rolling valuation programme and RICS professional standards.

Asset Category	Valuation Change £000
Operational buildings	5,317
Land	1,070
<b>Total Indexation Movement</b>	<b>6,387</b>

### 12.3 Schools Non-Current Assets

The Authority currently owns and runs three secondary, one middle and twenty four primary schools. In addition there are two voluntary controlled schools and four voluntary aided schools.

The Authority operates voluntary controlled schools on land and buildings legally owned by third parties. The Authority does not record these school assets on its balance sheet other than Raglan Primary (£5,206,080 as at 31st March 2026) as the transfer of legal ownership to the third party is yet to be concluded.

With regards to voluntary aided schools within Monmouthshire, and similar to voluntary controlled schools, land and buildings are owned by the relevant governing bodies, diocesan authorities or trustees and are not recorded on the Authority's balance sheet other than Osbaston Primary (£2,201,686 as at 31st March 2026) as the transfer of legal ownership to the third party is yet to be concluded.

The net book value of school non-current assets as at 31st March 2026, shown in the Authority's balance sheet, is £273,059,338.87 (£207,248,716.66 as at 31st March 2025). The increase predominantly reflects the completion and operationalisation of the King Henry VIII 3–19 School development and the transfer of the asset from Assets Under Construction to operational Property, Plant and Equipment.

## 12.4 Private Finance Initiatives

### Monmouth Health & Social Care Facility (Monnow Vale)

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan Local Health Board. Under the arrangements funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide health and social care in the form of inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. This agreement came into effect from the 1st June 2006.

The Facility replaced a number of separate facilities across the County with a new building that has been financed by a private finance partner over a period of 30 years.

The Authority accounts for its 28% share of the PFI assets, comprising buildings and equipment, with a corresponding liability amounting to its long term obligation for financing these assets.

The life of the building had originally been established for valuation purposes as being 40 years and the equipment as being 15 years. As the life of the building is 10 years beyond that of the PFI agreement, the parties expect that the facility will be used by the parties beyond the 30 year PFI agreement. At the end of the agreement, the buildings revert to the Health Board at nil consideration. There have been no changes in the arrangements during the year.

The Authority's share in the assets used to provide services at the facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.1, their total net book value at 31st March 2026 being £1,647,219.20 (£1,511,158.11 at 31st March 2025).

## 12.5 Investment Properties

Investment Properties are those that are used solely to earn income and/or for capital appreciation. Investment Properties are not used in any way to deliver a service and are not held for sale. The Authority's current portfolio of investment properties consists of long held assets such as County Farms and District Shops and also a Solar Farm, Newport Leisure Park and Castlegate Business Park constructed/acquired more recently. The impact on the Comprehensive Income and Expenditure Statement is shown below.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2024/25		2025/26
£000		£000
(5,353)	Rental income from investment property	(6,527)
3,705	Direct operating expenses arising from investment property	3,763
(1,647)	<b>Net (gain)/loss</b>	<b>(2,764)</b>

The following table summarises the movement in the fair value of investment properties over the year.

2024/25		2025/26
£000		£000
79,915	Balance at start of the year	77,016
1,360	Additions	518
0	Disposals	0

(3,703)	Net gains/(losses) from fair value adjustments recognised in Financing and Investment Income and Expenditure	(1,380)
(392)	Transfers (to)/from Property, Plant and Equipment	481
(164)	Movement in SEWCJC balances	(145)
<b>77,016</b>	<b>Balance at end of the year</b>	<b>76,489</b>

No capital receipts were credited to the Capital receipts reserve during 2025/26 in relation to investment properties (£0 in 2024/25).

## Fair Value Hierarchy

Details of the Authorities investment properties and information about the fair value hierarchy:

2024/25				Type of Property	2025/26			
Quoted Prices in active markets for identical assets	Other Observable inputs	Significant Unobservable inputs	Total		Quoted Prices in active markets for identical	Other Observable inputs	Significant Unobservable inputs	Total
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£000	£000	£000	£000		£000	£000	£000	£000
		123	123	Freehold Reversions			81	81
	38,215		38,215	Agricultural Properties		36,706		36,706
		1,074	1,074	Retail Units			1,057	1,057
		2,853	2,853	Industrial Properties			2,671	2,671
		5,785	5,785	Solar Farm			5,938	5,938
		3,676	3,676	Share of SEWCJC Asset			3,531	3,531
		25,289	25,289	Properties acquired for rental income			26,504	26,504
<b>0</b>	<b>38,215</b>	<b>38,801</b>	<b>77,016</b>		<b>0</b>	<b>36,706</b>	<b>39,783</b>	<b>76,489</b>

There have been no transfers between levels during the year. The authorities share in SEWCJC assets have recognised at Level 3.

**Level 2 Other Observable inputs:** The fair value for the Agricultural Portfolio (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets locally. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

**Level 3 Significant Unobservable Inputs:** The Freehold Reversions, Retail Properties, Industrial Properties & Solar Farm located in the local authority area & properties acquired for rental income are measured using the income approach, by means of a term and reversion method. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

Accordingly, these property types are categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

**Highest and Best Use:** In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

**Valuation Techniques:** There has been no change in the valuation techniques used during the year for investment properties.

### Level 3 Investment Properties

A summary of the movement in the fair value of level 3 investment properties over the year:

2024/25 £000		2025/26 £000
41,586	Balance at start of the year	38,801
0	Transfers (to)/from Level 3	481
1,031	Additions	279
0	Disposals	0
(176)	SEWCJC Adjustment	(145)
(3,640)	Net change in fair value recognised in the Surplus or Deficit on the Provision of Services	368
<b>38,801</b>	<b>Balance at end of the year</b>	<b>39,783</b>

### Fair Value Measurement

The valuers arrive at a Fair Value for level 3 Investment Properties by applying a yield to the income stream. The yield reflects the risk and is derived from factors such as the use made of the property, the quality of the tenant, the length and security of the income and also in the case of retail, the location. These impact on rent growth, occupancy levels, bad debt levels and maintenance costs. The yield is arrived at from the valuers knowledge of the market, from contacts and published information alongside knowledge of the individual asset.

Type of Property	Valuation Technique used to measure Fair Value	Unobservable Inputs	Range	Sensitivity
Freehold Reversions	Income approach, by means of a term and reversion method	Yield	4%	The Fair Value of the Property will increase as the yield reduces.
Retail Units		Yield	7% - 10%	
Industrial Properties		Yield	12%	
Solar Farm		Yield	6%	
Investment Assets		Yield	6%	
Share of SEWCJC Asset		Yield	7%	

## 12.6 Assets Held for Sale

Assets held for sale comprise those assets that are available for immediate sale and where the sale is highly probable and will be actively marketed at its market value. The in-year movement and balance of assets held for sale as at 31st March 2026 are shown below:

2024/25 £000		2025/26 £000
1,250	Balance outstanding at start of year	1,250
0	Additions	0
778	Assets newly classified as held for sale: From Plant, Property & Equipment	642
0	Assets declassified as held for sale: To Plant, Property & Equipment	0
0	Revaluation gains	700
0	Revaluation losses charged to Surplus or Deficit on Provision of Services	293
0	Revaluation losses charged to Revaluation Reserve	1
0	Impairment losses	0
(778)	Assets sold	(2,886)
<b>1,250</b>	<b>Balance outstanding at year-end</b>	<b>0</b>

## 12.7 Heritage Assets

The Code requires heritage assets to be recognised in the Balance Sheet at valuation where reliable information is available. The Council recognises heritage assets for which suitable valuation information exists but has not sought valuations for the majority of museum collections, as the cost of obtaining such valuations would be disproportionate to the benefits provided to users of the financial statements. This treatment is permitted by the Code and is kept under regular review.

The Authority has no current intention to dispose of its heritage assets, which are held principally for their cultural, environmental and historical significance.

The following table summarises the movement in the carrying value of Heritage assets:

	Heritage £000	Exhibits £000	Regalia, £000	Total £000
<b>Cost or Valuation:</b>				
1st April 2024	625	8,901	156	9,682
Additions	149	0	0	149
Revaluation increases/(decreases) recognised in the SDPS	0	0	0	0
Revaluation increases/ (decreases) taken to Revaluation Reserve	0	0	0	0
Impairment (losses)/reversals recognised in the SDPS	(134)	0	0	(134)
Reclassified from property, plant and equipment	0	0	0	0
<b>31st March 2025</b>	<b>640</b>	<b>8,901</b>	<b>156</b>	<b>9,697</b>
<b>Cost or Valuation:</b>				
Additions	516	0	0	516
Revaluation increases/(decreases) recognised in the SDPS	0	0	0	0
Revaluation increases/ (decreases) taken to Revaluation Reserve	0	0	0	0
Impairment (losses)/reversals recognised in the SDPS	(297)	0	0	(297)
Reclassified from property, plant and equipment	0	0	0	0
<b>31st March 2026</b>	<b>859</b>	<b>8,901</b>	<b>156</b>	<b>9,915</b>

### Property Heritage Assets

The Authority owns seven property assets which meet the criteria for inclusion as heritage assets. These comprise the following assets:

- Caldicot Castle
- Angidy Ironworks, Tintern
- The Slaughterhouse - Arches, Monmouth
- Shire Hall
- Clydach Ironworks, Clydach
- War Memorial, Frogmore St, Abergavenny
- Tintern Station, Tintern

These assets were most recently valued by the Authority's Estates Section under the supervision of the Head Of Commercial and Integrated Landlord Services (MRICS).

Further to this Abergavenny Museum and Castle is leased by the Authority.

### Museum Exhibits

Monmouthshire operates four museums, namely Monmouth, (The Nelson Museum), Abergavenny, Caldicot (Castle) and Chepstow. Each individual museum maintains an inventory of exhibits and the Authority last commissioned a valuation of material items in 2022.

The most significant museum exhibit is the Nelson collection which is included on the balance sheet at a valuation of £8.7m reflecting an external valuation carried out in July 2022. The valuation was limited to selected items with market prices in excess of £1,000.

## Civic Regalia, Artwork & Collections

Five other assets are classified as Heritage assets under this classification where cost information was readily available. These comprise the following assets:

- Henry Tapestry
- Chairman's Chain of Office
- Vice Chairman's Chain & Insignia
- Lady Chairman's Chain & Insignia
- Vice Lady Chairman's Chain & Insignia

These assets are currently valued at their most recent insurance valuation.

## 12.8 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

31st March 2025 £000		31st March 2026 £000
199,446	Opening Capital Financing Requirement	211,513
	<b>Capital investment:</b>	
	<b>Enhancing value:</b>	
32,508	Property, plant and equipment	17,848
948	Investment properties	276
872	Vehicles	345
14	Heritage assets	219
	<b>Not enhancing value:</b>	
5,090	Property, plant and equipment	6,671
412	Investment properties	241
209	Intangible assets	98
146	Vehicles	0
134	Heritage assets	297
8,473	Revenue Expenditure Funded from Capital under Statute	6,519
	<b>Sources of finance:</b>	
(4,274)	Capital receipts	(3,602)
(2,502)	General Capital Grant	(4,416)
(24,164)	Capital Grants and Contributions	(12,958)
(565)	S106 Contributions	(440)
(282)	Direct revenue contributions	(429)
	<b>Other:</b>	
2,578	Right of Use assets recognised	4,838
(7,530)	Minimum revenue provision	(9,010)
<b>211,513</b>	<b>Closing Capital Financing Requirement</b>	<b>218,011</b>
	<b>Explanation of movements in year:</b>	
2,436	Increase in underlying need to borrowing - supported by Government financial assistance	2,432
14,583	Increase in underlying need to borrowing - unsupported by Government financial assistance	8,238
2,578	Right of Use assets recognised	4,838

(7,530)	Less: Minimum revenue provision	(9,010)
12,067	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>6,498</b>

The increase arising from right-of-use assets reflects the statutory treatment of lease liabilities under IFRS 16.

## 12.9 Capital Commitments

At 31st March 2026, the Authority had entered into 3 major contracts (those individually £200,000 and more) for the construction of Property, Plant and Equipment in 2026/27 and later years, budgeted to cost a total of £10,970,000 (£0 at 31st March 2025). The major commitments are as follows and are not included in the financial statements within this document.

	£000
Active Travel Fund - Llanfoist Bridge & Meadow Links	4,027
King Henry VIII School Replacement	4,313
Deri View Refurbishment	2,123
Property for Children and Young People with Complex Needs	507
<b>Total</b>	<b>10,970</b>

## 12.10 Minimum Revenue Provision

2024/25		2025/26
£7,530,021	Minimum Revenue Provision Charged	£9,010,099

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual minimum revenue provision (MRP) from revenue to contribute towards the reduction in its overall borrowing requirement.

The charge is equal to an amount calculated on a prudent basis according to the policy determined by the Council in accordance with statutory guidance. An annual MRP Statement is submitted to Council for approval in advance of each financial year and any variance to this policy must be approved by Council.

The Authority also makes additional voluntary revenue contributions in respect of finance leased assets.

The 2025/26 MRP charge includes provision in respect of lease liabilities recognised under IFRS 16. This reflects the requirement for local authorities to make a prudent provision for the repayment of the capital element of lease liabilities, consistent with the statutory guidance issued.

## 12.11 Leases - Authority as Lessor

### Operating Leases

The Authority has entered into operating lease arrangements to lease property assets to various individuals and organisations. These primarily consist of Industrial units, County Farms, Land parcels and Recreation halls. Under IFRS 16 Lessor accounting is effectively unchanged.

The future minimum lease payments receivable under non-cancellable leases in future years are:

2024/25 £000		2025/26 £000
3,238	Not later than one year	3,484
11,331	Later than one year and not later than five years	11,056
12,974	Later than five years	11,525
<b>27,543</b>		<b>26,066</b>

### Finance Leases

In 2016/17, the Authority entered into a Finance lease arrangement for land at the Old Cattle market site in Abergavenny. The gross carrying amount and present value of the minimum lease payments receivable under this finance lease is detailed below.

2024/25			2025/26	
Present Value of Minimum Lease Payments to the	Gross Amount outstanding from Lessee		Present Value of Minimum Lease Payments to the Authority	Gross Amount outstanding from Lessee
£000			£000	
150	160	Not later than one year	146	160
566	640	Later than one year and not later than five years	554	640
1,426	1,920	Later than five years	1,292	1,760
<b>2,142</b>	<b>2,720</b>		<b>1,992</b>	<b>2,560</b>

The reduction in the present value of minimum lease payments principally reflects lease rentals received during the year, partly offset by finance income recognised under the lease agreement.

## 13 FINANCIAL INSTRUMENTS, CURRENT ASSETS & LIABILITIES NOTES

### 13.1 Categories of Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

The Authority adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

Under the new Accounting Standard IFRS 9, financial instruments may be held at amortised cost or at fair value either through other Comprehensive income or Profit & Loss.

Financial assets are held as amortised cost where cash flows are solely payments of principal and interest and the Authority's business model is to collect those cash flows. This is the majority of our treasury investments such as term deposits, certificate of deposits, call accounts, trade debtors for goods and services provided contractually and also lease receivables. This excludes Authority tax debtors and grants receivable as they are non-exchange transactions.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Authority. For most assets, this is 12 month expected credit losses until the risk increases significantly, then it is lifetime expected losses. For trade debtors expected lifetime losses are always used. Due to the high credit rating of counterparties used for treasury investments 12 month expected credit losses are minimal.

Financial assets are held at fair value through other comprehensive income where cashflows are solely payments of principal and interest and it is the Authority's business model to collect these cashflows and sell the instruments before maturity. The authority does not hold any such investments. The Code also permits the Authority to elect to present changes in the fair value of strategic equity investments through Other Comprehensive Income and Expenditure, see table below.

All other financial assets are held at fair value through Profit & Loss.

The following categories of financial assets are carried in the Balance Sheet as at 31st March 2026:

Long-Term 31st March 2025 £000	Short-Term 31st March 2025 £000		Note	Long-Term 31st March 2026 £000	Short-Term 31st March 2026 £000
<b>Financial Assets</b>					
<b>Investments at amortised Cost:</b>					
3,249	7,273	Principal invested	13.4	3,923	7,221
0	0	Accrued Interest		0	0
<b>Investments at fair value through other comprehensive income:</b>					
0	3,652	Equity Investments elected FVOCI		0	3,816
<b>Investments at fair value through profit &amp; loss:</b>					
19	0	Unquoted equity investments	13.4	19	0
<b>3,269</b>	<b>10,925</b>	<b>Total Investments</b>		<b>3,943</b>	<b>11,037</b>
<b>Cash &amp; Cash Equivalents at amortised cost:</b>					
0	9,481	Principal	15.3	0	11,366
0	0	Accrued Interest		0	0
<b>0</b>	<b>9,481</b>	<b>Total Cash &amp; Cash Equivalents</b>		<b>0</b>	<b>11,366</b>
<b>At amortised cost:</b>					
0	8,382	Trade Receivables		0	9,533

0	(1,510)	Loss allowance		0	(2,039)
2,133	107	Lease Receivables		2,021	110
185	(4)	Loans made for service purposes		8	(4)
<b>2,318</b>	<b>6,975</b>	<b>Included in Debtors</b>	<b>13.5</b>	<b>2,029</b>	<b>7,599</b>
<b>5,586</b>	<b>27,381</b>	<b>Sub-Total Financial Assets</b>		<b>5,971</b>	<b>30,002</b>
0	1,724	Current assets which are not Financial Instruments		0	535
473	45,900	Debtors which are not Financial Instruments	13.5	355	48,708
<b>6,059</b>	<b>75,005</b>	<b>Total Financial Assets</b>		<b>6,327</b>	<b>79,244</b>

Long-Term 31st March 2025 £000	Short-Term Restated 31st March 2025 £000		Note	Long-Term 31st March 2026 £000	Short-Term 31st March 2026 £000
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All of the Council's financial liabilities are held at amortised cost including short and long term loans, bank overdraft, lease payables, PFI contracts and trade payables for goods and services.

The following categories of financial liabilities are carried in the Balance Sheet as at 31st March 2026:

		Financial Liabilities			
		<b>Loans at amortised Cost:</b>			
(139,068)	(63,600)	Principal sum borrowed		(139,314)	(58,684)
0	(2,211)	Accrued Interest		0	(2,504)
0	0	EIR adjustments		0	0
<b>(139,068)</b>	<b>(65,811)</b>	<b>Total Borrowings</b>	<b>13.4</b>	<b>(139,314)</b>	<b>(61,188)</b>
		<b>Loans at amortised Cost:</b>			
0	(2,588)	Cash & cash equivalents	15.3	0	(1,975)
<b>0</b>	<b>(2,588)</b>	<b>Total Cash &amp; Cash Equivalents</b>		<b>0</b>	<b>(1,975)</b>
		<b>Liabilities at amortised Cost:</b>			
(1,664)		PFI and finance lease liabilities		(2,005)	
(1,417)		Other Long Term Liabilities		(1,258)	
<b>(3,081)</b>	<b>0</b>	<b>Total Other Long Term Liabilities</b>		<b>(3,263)</b>	<b>0</b>
		<b>Liabilities at amortised Cost:</b>			
	(2,862)	Trade Payables			(2,058)
<b>0</b>	<b>(2,862)</b>	<b>Included in Short Term Creditors</b>	<b>13.6</b>	<b>0</b>	<b>(2,058)</b>
<b>(142,149)</b>	<b>(71,261)</b>	<b>Total Financial Liabilities</b>		<b>(142,577)</b>	<b>(65,221)</b>
	(42,250)	Short term creditors which are not Financial Instruments	13.6		(52,721)
(68,583)	(342)	Other Current & long term liabilities which are not Financial Instruments:		(64,460)	(443)
<b>(210,733)</b>	<b>(113,854)</b>	<b>Total Balance Sheet Liabilities</b>		<b>(207,037)</b>	<b>(118,385)</b>

Under IFRS 16, lease liabilities are included in the accounts to reflect the Council's obligation to make future lease payments. The standard requires lessees to recognise most leases on the balance sheet by recording a right-of-use asset and a corresponding lease liability. This approach improves transparency and comparability by ensuring that financial statements reflect the full extent of lease commitments, rather than treating them as off-balance sheet items.

Lease liabilities recognised under IFRS 16 total £3.21 million and are split between long-term and short-term obligations on the Balance Sheet.

Where the lease or contract does not specify an implicit interest rate, the Council has applied the relevant Public Works Loan Board (PWLB) borrowing rate to calculate the present value of lease liabilities.

	31st March 2026 £000
<b>Lease Liabilities Maturity</b>	
<b>Less than one year</b>	<b>1,708</b>
<b>One to five years</b>	<b>1,257</b>
<b>More than five years</b>	<b>246</b>
<b>Total</b>	<b>3,211</b>

Equity instruments elected to fair value through OCI						
31st March 2025 £000	31st March 2025 £000	31st March 2025 £000		31st March 2026 £000	31st March 2026 £000	31st March 2026 £000
Fair value	OCI	Dividends		Fair value	OCI	Dividends
1,855	(15)	108	Kames Capital diversified monthly income fund	2,008	153	107
1,367	1	67	Investec Asset Management Ltd diversified income fund	1,383	16	66
431	15	27	CCLA LAMIT Property Fund	424	(7)	5
<b>3,654</b>	<b>1</b>	<b>202</b>	<b>Total Balance Sheet Asset</b>	<b>3,816</b>	<b>162</b>	<b>178</b>

The Council has elected to account for the investments in pooled funds above which are equity instruments at fair value through other comprehensive income because they are long-term strategic investments and changes in their fair value are not considered to be part of the Council's annual financial performance.

### 13.2 Financial Instruments - Income, Expense, Gains and Losses

The Income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

31st March 2025 £000					31st March 2026 £000
	<b>Financial Liabilities measured at:</b>	<b>Fair value though P&amp;L</b>	<b>Fair value through OCI</b>	<b>Fair value through OCI - elected</b>	<b>Amortised cost</b>
15	Interest expense - finance lease /private finance initiative debtors	0	0	0	13
0	Losses on de-recognition	0	0	0	0
0	Losses from changes in fair value	0	0	0	0
0	Impairment losses	0	0	0	0
130	RoU Lease Liability Interest	0	0	0	456
6,922	Other Interest expense	0	0	0	7,658
7,066	Subtotals	0	0	0	8,126
<b>7,066</b>	<b>Total Interest payable and similar charges</b>				<b>8,126</b>
	<b>Financial assets measured at:</b>	<b>Fair value though P&amp;L</b>	<b>Fair value through OCI</b>	<b>Fair value through OCI - elected</b>	<b>Amortised cost</b>
(53)	Interest income relating to finance lease debtors	0	0	0	(50)

0	Interest from deferred receipts	0	0	0	0
(204)	Dividend income (elected equity instruments)	0	0	(195)	0
0	Gains on derecognition	0	0	0	0
0	Gains from changes in fair value	0	0	0	0
0	Impairment loss reversals	0	0	0	0
(1,064)	Other Interest income	0	0	0	(1,086)
(1,321)	Subtotals	0	0	(195)	(1,137)
(1,321)	<b>Total Interest &amp; Investment income</b>				<b>(1,332)</b>
5,746	<b>Net impact on surplus/deficit on provision of services</b>				<b>6,795</b>

	Impact on other comprehensive income:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
0	Gains on revaluation	0	0	0	0
(1)	Losses on revaluation	0	0	(163)	0
0	Amounts recycled to surplus/deficit on provision of services	0	0	0	0
(1)	Subtotals	0	0	(163)	0
(1)	<b>Impact on other comprehensive income</b>				<b>(163)</b>
5,745	<b>Net (gain)/loss for the year</b>				<b>6,632</b>

### 13.3 Fair Values of Financial Instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at the reporting date, using the following methods and assumptions

The value of financial instruments held at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at the reporting date, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March 2026.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at an appropriate rate.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

### Financial liabilities

Balance Sheet 31st March 2025 £000	Fair Value 31st March 2025 £000		Balance sheet position	Fair Value Level	Balance Sheet 31st March 2026 £000	Fair Value 31st March 2026 £000
		<b>Financial liabilities held at amortised cost:</b>				
(204,881)	173,345	Borrowings	Borrowing (ST & LT)	2	(200,502)	165,277
<b>(204,881)</b>	<b>173,345</b>	<b>Subtotal</b>			<b>(200,502)</b>	<b>165,277</b>
		<b>Financial liabilities held at amortised cost for which fair value is not disclosed:</b>				
(2,153)		Cash & Cash equivalent	C & C E		(1,975)	
(2,862)		Trade payables	Short term creditors		(2,058)	
(1,417)		Net agency creditor and lease deposits	Other LT Borrowing		(1,258)	
<b>(211,313)</b>		<b>Total financial liabilities</b>			<b>(205,793)</b>	

The fair value of financial liabilities held at amortised cost is less than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the current rates available for similar loans at the balance sheet date. The commitment to pay interest below current market rates reduces the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

### Financial Assets

Balance Sheet 31st March 2025 £000	Fair Value 31st March 2025 £000			Fair Value Level	Balance Sheet 31st March 2026 £000	Fair Value 31st March 2026 £000
		<b>Financial assets held at fair value:</b>				
3,652	3,652	Equity investments elected to FVOCI	ST Investments	2	3,816	3,816
19	19	Unquoted equity investments held at FVP&L	LT Investments	3	19	19
<b>3,672</b>	<b>3,672</b>	<b>Subtotal</b>			<b>3,835</b>	<b>3,835</b>
		<b>Financial assets held at amortised cost:</b>				
2,240		Lease receivables	LT debtors	3	2,130	
		Trade receivables - deferred receipt	LT debtors			
<b>5,911</b>	<b>3,672</b>	<b>Subtotal</b>			<b>5,965</b>	<b>3,835</b>
		<b>Financial assets held at amortised cost for which fair value is not disclosed:</b>				
9,481		Cash & Cash equivalent	C&CE		11,366	
10,925		Short term investments	ST Investments		11,037	
8,382		Trade Receivables	Short term debtors		9,533	
185		Loans made for service purposes	Long term debtors		8	
<b>34,884</b>		<b>Total financial assets</b>			<b>37,908</b>	

There is a small difference between the fair value and carrying value of long term lease receivables and long term trade receivables.

### 13.4 Nature and Extent of Risks arising from Financial Instruments

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team in conjunction with appointed treasury advisors.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Welsh Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its management practices seek to achieve a suitable balance between risk and return or cost.

Whilst the majority of treasury investments continue to be placed with highly rated counterparties by external rating agencies and which continue to show other measures of credit worthiness, the Authority's investment portfolio now includes £4 million invested in strategic pooled funds which are expected to generate higher returns over the medium to long term. The risk is controlled by following the advice of the Authority's treasury management advisors, by the use of experienced fund managers and diversification within the funds purchased.

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that the counterparty to any of the Authority's financial assets will fail to meet its contractual obligations to pay the amounts due, causing a loss to the Council.
- Liquidity risk – the possibility that the Authority might not have cash available to make contracted payments on time
- Market risk – the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

The revised Borrowing Strategy continues to take account of prevailing market conditions. It also took into account that there was a net benefit to be gained from internal borrowing, where surplus cash is utilised to fund capital expenditure, compared to borrowing externally. This approach reduces surplus cash balances but produces a net benefit as the cost of borrowing is higher than the returns from investing the additional surplus cash.

#### a) Credit Risk

##### Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A counterparty limit of £4 million applies on the amount of money that can be invested in unsecured investments with a single counterparty (other than the UK government) for the majority of the Authority's activities (for more details see the Treasury Strategy).

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Balance Long-term 31st March 2025	Balance Short-term 31st March 2025	Counterparty Group	Investment Vehicle	Average rating	Country	Balance Long-term 31st March 2026	Balance Short-term 31st March 2026
£'000	£'000					£'000	£'000
0	3,000	UK Government	Term Deposit with DMADF	AA+	United Kingdom	0	3,000
0	0	Local Authority	Term Deposit	AA+	United Kingdom	0	0
0	9,134	Bank	Term Deposit	A+	United Kingdom	0	10,879
		<b>Credit risk Not applicable:</b>					
0	3,652	Pooled funds			United Kingdom	0	3,816
19	0	Unquoted Equity			United Kingdom	19	0
3,249	4,618	SEWCJC				3,923	4,708
<b>3,269</b>	<b>20,404</b>	<b>Total Investments</b>				<b>3,943</b>	<b>22,403</b>

\* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 365% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2026, £nil of loss allowances related to treasury investments.

#### **Trade & Lease receivables and Contract assets**

Credit risk also arises from the Authority's customers and other contractual debtors. Customers for goods and services are assessed taking into account their financial position, past experience and other factors such as the current economic climate. Risk of default and uncollectability is assessed based on the nature of the underlying debt and historic collection rates. Receivables as at the year-end are illustrated in note 13.5 to the accounts, together with any associated impairment age.

Trade receivables are normally written off to the Surplus or Deficit on the Provision of Services when over due, but steps are still taken to collect sums owing until all economic avenues have been explored. The amount provided for but still subject to collection processes and its age profile is provided in note 13.5.

The Council has one finance lease receivable as a result of a lease disposal of a piece of land, which is held on the balance sheet at amortised cost. The Council's credit risk on lease receivables is mitigated by its legal ownership of the asset leased, which can be repossessed if the debtor defaults on the lease contract, so no loss allowance has been applied. At the 31st March 2026 the carrying value was £2,130,000.

#### **Loans, Financial Guarantees and Loan Commitments**

The Council has not made any material Loans, Financial Guarantees and Loan Commitments.

## b) Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements occur, the authority has ready access to borrowing at favourable rates from the Public Works Loans Board and other local authorities. There is no significant risk that it will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring net short term borrowing is no more than 50% of the Council's net total borrowing.

The maturity analysis of financial instruments is as follows:

31st March 2025				31st March 2026		
£000	£000	£000		£000	£000	£000
Borrowing	Investment	Net		Borrowing	Investment	Net
			<b>The Loans Mature as follows:-</b>			
614	(11,164)	(4,666)	No defined maturity	391	(11,980)	(3,835)
65,814	(3,000)	62,787	Less than one year	61,188	(3,000)	58,188
20,518	0	20,518	Between one and two years	15,398	0	15,398
19,234	0	19,234	Between two and five years	23,152	0	23,152
25,589	0	25,589	Between five and ten years	29,380	0	29,380
15,968	0	15,968	Between ten and twenty years	14,412	0	14,412
57,387	0	57,387	More than twenty years	56,582	0	56,582
<b>205,125</b>	<b>(14,164)</b>	<b>196,817</b>	<b>Total</b>	<b>200,502</b>	<b>(14,980)</b>	<b>193,275</b>

The Counterparty analysis of Borrowing is shown below:

31st March 2025		31st March 2026
£000		£000
146,792	Public Works Loan Board	160,311
3,741	Welsh Government	2,734
50,949	Local Government bodies	33,854
3,000	Special Purpose Vehicle	3,210
642	Other including SEWCJC	391
<b>205,125</b>	<b>Total</b>	<b>200,502</b>

The financial liabilities due to Welsh Government at the 31st March 2026 are the outstanding balances from interest free loans provided to fund energy saving Street Lighting & Refit capital schemes and a loan which funded the Oak Grove solar farm construction. Accounting requirements require financial liabilities in the form of loans to be carried at amortised cost. However, some of these interest free loans have not been carried at amortised cost on the grounds that the figures quoted are not materially different.

Market loans are considered long term loans based on the remaining time to maturity, but it should be noted that they are currently within their call period. If a lender should exercise a call option on one of these loans, Monmouthshire County Council has the right to repay the loan immediately.

## c) Market Risk

### i) Interest rate risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise

- Borrowings at fixed rates – the fair value of the borrowing liabilities will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Authority has a number of strategies for managing interest rate risk. The 2025/26 Treasury Management Strategy includes a limit on the Authority's exposure to interest rate risk. This limit of 50% applies to the percentage of net variable rate debt to total net debt, where net debt is debt net of investments.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. In-year analysis allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

The interest payable and interest receivable during 2025/26, on borrowings and investments held at the 31st March 2026, with all other variables held constant, would increase / (decrease), if interest rates were 1% higher. The most significant impact would relate to variable rate and short term loans & investments, with long term instruments not being affected:

31st March 2025	Effect of a 1% increase in interest rates	31st March 2026
£000		£000
384	Increase in interest payable on borrowings	450
30	Increase in interest receivable on investments	23
0	Decrease in fair value of investments held at FVP&L	0
<b>413</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>473</b>
(9,999)	Decrease in fair value of fixed rate borrowing *	9,596

\* No impact on Comprehensive Income and Expenditure

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## ii) Price risk

The market prices of the bond component in the Council's multi asset pooled funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. The property element of the Council's multi asset pooled funds is subject to the risk of falling commercial property prices. The equity element of the Council's multi asset pooled funds is subject to the risk of falling share prices. These risks were limited by the Council's maximum exposure to strategic pooled funds of £6m. A 5% fall in the value of the property component or equity component held within these funds could result in a charge to Other Comprehensive Income and Expenditure. The due diligence carried out before these investments purchased would indicate that any such loss is expected to be either temporary or compensated for by the dividend income. One advantage of a multi asset pooled funds is that property, equity and bond prices are not fully correlated with each other reducing the risk of losses.

## iii) Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## 13.5 Debtors

The nature and value of payments due to the Council for the year but not received as at 31st March 2026, repayable in the short term (within 12 months of the balance sheet date) and long term (after 12 months of the balance sheet date), is summarised below:

31st March 2025 (*Restated)					31st March 2026			
Long Term	Short Term	Impairment	Net		Long Term	Short Term	Impairment	Net
£000	£000	£000	£000		£000	£000	£000	£000
				<b>Central Government Bodies:</b>				
	23,489		23,489	Welsh Government		22,715		22,715
	2,430		2,430	HM Customs & Excise		2,105		2,105
	3,092		3,092	NNDR Debtor		2,696		2,696
				<b>Other entities and individuals:</b>				
	5,910	(4)	5,906	Other Local Authorities		3,482	(3)	3,479
2,133			2,133	Finance Lease	2,021			2,021
	6,123	(110)	6,013	Revenue debtors		7,516	(110)	7,406
	7,605	(3,842)	3,763	Council tax arrears		8,759	(4,499)	4,260
	1,392	(161)	1,231	Corporate sundry debtors		2,239	(173)	2,066
	1,175	(726)	449	Housing benefit overpayments		1,110	(713)	396
	1,903	(4)	1,899	NHS Bodies		1,874	(1)	1,873
	2,142	(885)	1,257	Social Services debtors		2,803	(1,342)	1,461
	642	(456)	186	Rent arrears		656	(520)	136
	2,981		2,981	Capital debtors		6,241		6,241
177			177	Housing Advances				0
481	180		661	Other	363	1,472		1,835
<b>2,790</b>	<b>59,065</b>	<b>(6,188)</b>	<b>55,667</b>	<b>Total Debtors</b>	<b>2,384</b>	<b>63,668</b>	<b>(7,362)</b>	<b>58,691</b>

\* During 2025/26, the Council reviewed the accounting treatment of unallocated banking transactions. As a result, certain balances previously reported within debtors at 31 March 2025 have been reclassified to liabilities where the transactions represented cash received or payments made in advance of formal allocation.

The aged analysis of short term debtors outstanding as at 31st March 2026 is as follows:

	Not Overdue £000	Up to 3 Months £000	3 Months - 12 Months £000	Over 12 Months £000	Over 24 Months £000	Total £000
<b>Central Government Bodies:</b>						
Welsh Government	22,677	38				22,715
HM Customs & Excise	2,105					2,105
NNDR Debtor	1,182		319	290	905	2,696
<b>Other entities and individuals:</b>						0
Other Local Authorities	2,187	1,271	24	0	0	3,482
Finance Leases						0
Revenue debtors	7,334	0	39	53	90	7,516
Council tax arrears	0	0	1,718	1,573	5,468	8,759
Corporate sundry debtors	109	1,485	514	53	78	2,239
Housing benefit overpayments			287	131	692	1,110
NHS Bodies	1,142	535	125	72	0	1,874
Social Services sundry debtors	463	339	1,054	516	431	2,803

Rent arrears	71	29	82	72	402	656
Capital debtors	6,241					6,241
Other	1,472					1,472
<b>Total</b>	<b>44,982</b>	<b>3,697</b>	<b>4,163</b>	<b>2,761</b>	<b>8,066</b>	<b>63,668</b>

The associated impairment for potential default and uncollectability for debtors outstanding as at 31st March 2026 is as follows:

	Not Overdue	Up to 3 Months	3 to 12 Months	Over 12 Months	Over 24 Months	Total
	£000	£000	£000	£000	£000	£000
Other Local Authorities	0	0	3	0	0	3
Revenue debtors	0	0	31	27	52	110
Council Tax Arrears	0	0	1,181	978	2,340	4,499
Corporate sundry debtors	0	3	64	52	54	173
Housing benefit overpayments	0	0	65	31	617	713
NHS Bodies	0	0	1	0	0	1
Social Services sundry debtors	135	149	489	302	267	1,342
Rent arrears	0	6	40	72	402	521
<b>Total</b>	<b>135</b>	<b>159</b>	<b>1,872</b>	<b>1,461</b>	<b>3,733</b>	<b>7,362</b>

### 13.6 Creditors

It is the Authority's policy to pay creditors promptly, without undue delay and within mutually agreed terms. 96.23% of payments were paid within a 30 day target settlement date (96.71% in 2024/25).

The nature and value of payments due to be made by the Council in the year but not actually made as at 31st March 2026 is summarised below:

31st March 2025		31st March 2026
£000		£000
7,402	Central Government Bodies	7,779
7,163	Other Local Authorities	8,862
28	NHS Bodies	0
4,776	Capital Creditors	8,187
21,197	Other entities & individuals	25,426
3,589	Accumulating Compensated Absences	4,085
958	SEWCJC	439
45,112	<b>Total</b>	<b>54,779</b>

### 13.7 Provisions and Contingent Liabilities

The value of provisions as at 31st March 2026, together with their movement for the year, is summarised below:

	Note	As at 1st April 2025	New or increased Provisions	Used or reduced Provisions	As at 31st March 2026
		£000	£000	£000	£000
Insurance Claims	13.7a	668	573	(356)	885
SEWCJC Consolidation		1,102	14	(211)	904
<b>Total</b>		<b>1,770</b>	<b>586</b>	<b>(567)</b>	<b>1,789</b>

The analysis of provisions between those that are short-term and long-term where it is expected that the provision will be settled within 12 months or greater than 12 months of the balance sheet date respectively, are summarised below:

Current 31st March 2025	Long Term 31st March 2025		Current 31st March 2026	Long Term 31st March 2026
£000	£000		£000	£000
339	328	Insurance Claims	440	445
3	1,099	SEWCJC Consolidation	3	901
<b>342</b>	<b>1,427</b>	<b>Total</b>	<b>443</b>	<b>1,346</b>

#### a) Insurance Claims

The Authority maintains insurance policies to cover itself against claims made. The effect of these policies is to limit the Council's costs in relation to successful claims made against it. Annual insurance premiums have been recharged to services during the financial year along with costs of claims incurred.

To satisfy IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a full actuarial assessment of open insurance claims was carried out in 2022 by the Authority's insurance brokers. The Authority has used this data to project future potential liabilities on the basis of current claims received, policy excesses and stop losses (the capped loss we can incur in any policy year). This assessment has allowed the Authority to reflect the estimated cost of liabilities at 31 March 2026. Provision has only been made where the Authority's insurers indicate a settlement is likely. The resulting provision represents management's best estimate of the future liability at the reporting date. Any movement in provisions has been charged against the services to which the claims relate.

The Authority maintains the insurance and risk management reserve to assist in the control of the Authority's insurance risks. The balance in the reserve is reviewed annually as part of the assessment on the adequacy of reserves by the Section 151 Officer. The reserve is required to cover potential claims not yet reported as well as recorded claims, which do not merit a provision, referred to above. It therefore represents additional cover, over and above the provision, to cover all foreseeable claims as at the balance sheet date.

The provision in place at 31st March 2026 was £885,001 (£667,874 at 31st March 2025) and the balance on the insurance and risk management reserve as at 31st March 2026 was £991,976 (£924,997 as at 31st March 2025).

A breakdown of the provision made across policy types is provided below:

31st March 2025		31st March 2026
£000		£000
625	Public Liability	803
25	Property	1
11	Motor Liability	16
7	Employer's Liability	44
0	Officials Indemnity	22
<b>668</b>	<b>Total</b>	<b>886</b>

#### b) Contingent Liabilities

There are no Contingent Liabilities as at 31st March 2026.

## 14 POST-EMPLOYMENT BENEFIT NOTES

### 14.1 Participation in Pension Schemes

The Authority is required to account for its pension costs in accordance with IAS19 - employee benefits.

The Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two separate pension schemes; the Greater Gwent Pension Fund (Local Government Pension Scheme (LGPS)) and the Teachers' Pensions Scheme (TPS), both of which provide defined benefits to members (retirement lump sums and pensions) earned by employees during their service with the Authority.

#### *Teachers Pension Scheme (TPS) – Unfunded Defined Benefit Scheme Accounted for as a Defined Contribution Scheme*

Whilst this is an unfunded multi-employer defined benefit scheme it is required to be accounted for as if it were a defined contribution scheme, because the arrangements are such that the liabilities cannot ordinarily be identified specifically to the Authority. A notional fund is used as the basis for calculating the employer's contribution rate paid by local authorities and valuations of the notional fund are undertaken every four years. This scheme is administered by the Teachers' Pensions Agency (TPA). No liability for future payments of these benefits is recognised in the Authority's Balance Sheet.

In 2025/26, the Authority paid £9,297,851 to the TPA in respect of teachers' retirement benefits, (£8,973,235 in 2024/25) representing 28.68% of pensionable pay (28.6% in 2024/25). Expected employer contributions to the scheme in 2026/27 are £9.6 million.

Under this scheme there are separate arrangements for the award of discretionary post employment benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made.

There were £736,710 of contributions remaining payable to the scheme at the year end (£753,501 at 31st March 2025). The Authority is not responsible for any other employers' obligations under this pension plan.

#### *Greater Gwent Pension Fund*

The Authority participates in two pension schemes administered by Torfaen County Borough Council:

- The Local Government Pension Scheme - This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the long term. Pension benefits accrued up to March 2014 were based on final salary. Benefits accrued since April 2014 are based on career average revalued earnings (CARE).
- Unfunded Teachers Discretionary Benefits - the Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme above. This is unfunded, meaning that there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The following sections of the notes provide further supporting information covering the Authority's interest in the Greater Gwent Pension Fund.

14.2 Pension Fund Stakeholders

14.3 Entries in the comprehensive income and expenditure statement

14.4 Expected future pension contributions

14.5 Actuarial Assumptions

- 14.6 Sensitivity analysis
- 14.7 Investments held by the pension fund
- 14.8 The movement in the authority's share of the assets and liabilities within the Fund
- 14.9 Impact of Applying IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- 14.10 A summary explanation of the movement in assets and liabilities

## 14.2 Pension Fund Stakeholders

The total defined benefit obligation for the Authority's share of the Greater Gwent Pension Fund (excluding unfunded liabilities) as at the 31st March 2026 is split as follows, along with the weighted average duration of each group:

2024/25			2025/26		Average Age (Years)
£000's	%		£000's	%	
203,477	45%	Active	185,648	38%	54
60,959	14%	Deferred	67,826	14%	54
184,039	41%	Pensioners	229,039	47%	70
<b>448,475</b>	<b>100%</b>	<b>Total</b>	<b>482,513</b>	<b>100%</b>	

A breakdown of the investments held by the Greater Gwent pension fund, quoted and unquoted is given in 14.7 giving an indication of the level of diversification and therefore risk within the Investment Portfolio.

## 14.3 Entries in the comprehensive income and expenditure statement

The Authority recognises retirement benefits in the net cost of services, as they are earned by employees not when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable to the pension fund in the year, so the real cost of post-employment/ retirement benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year.

The McCloud judgment has been reflected within the latest actuarial valuation and any resulting impact is incorporated within these disclosures.

Funding is only required to be raised to cover teachers unfunded discretionary benefits when the pensions are actually paid.

Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits
2024/25 £000's	2024/25 £000's		2025/26 £000's	2025/26 £000's
		<b>Comprehensive Income and Expenditure Account</b>		
		<b>Net Cost of Services:</b>		
14,410	0	current service cost	10,653	0
914	0	past service cost / (gain) including curtailments	615	0
0	0	settlement gain	0	0
<b>15,324</b>	<b>0</b>	<b>Total Net Cost of Services</b>	<b>11,268</b>	<b>0</b>
		<b>Financing and Investment Income and Expenditure:</b>		
24,874	126	interest cost on pension liabilities	26,076	127
(24,816)	0	interest income on plan assets	(31,297)	0
0	0	Impact of asset ceiling on net interest	0	0

15,382	126	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	6,047	127
		<b>Other Comprehensive Income and Expenditure:</b>		
(84,994)	(174)	(Gains) and losses on remeasurement	876	(50)
0	0	Effect of business combinations and disposals	0	0
(84,994)	(174)	<b>Total Other Comprehensive Income and Expenditure</b>	876	(50)
(69,612)	(48)	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	6,923	77
		<b>Movement in Reserves Statement</b>		
(15,382)	(126)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(6,047)	(127)
		<b>Actual amount charged against the Council Fund for pensions in the year:</b>		
19,362	379	Employers' contributions payable to scheme	19,821	342

#### 14.4 Expected future pension contributions

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2027 is £16,785,000. Expected contributions for Teachers Unfunded Discretionary Benefits scheme in the year to 31 March 2027 are £354,000.

Statutory arrangements are in place to ensure that the financial position of the fund remains healthy. In the 31 March 2025 Actuarial Valuation, a shortfall of 3.8% of the fund's liabilities was identified. The Fund's 'funding target' is to achieve and maintain a funding level of 100% of liabilities. The maximum deficit recovery period has been set at 20 years. At each Actuarial Valuation, a contribution rate is set to meet the funding target over the deficit recovery period.

In June 2023, the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void.

Where specific actuarial 'section 37' certificates cannot be found, the June 2023 legal ruling has the potential to invalidate historic scheme benefit changes dating all the way back to 1997. Pension practitioners were awaiting the outcome of an appeal, but this has now (July 2024) been dismissed by the Court of Appeal and the original ruling stands.

No additional liability allowance has been included within these disclosures as significant uncertainty remains regarding the applicability of the Virgin Media ruling to the LGPS. We understand HM Treasury are currently looking into whether section 37 certificates exist for prior LGPS benefit changes, and a number of pension bodies have written to DWP to request legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes.

The DWP are being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation.

#### 14.5 Actuarial Assumptions

The principal IAS19 assumptions used by the Actuary for these accounts are shown in the following table. Using the projected unit method, the Actuary determines the figures at the Balance Sheet date using the latest scheme valuation as a base, which was 31 March 2025.

The principal assumptions used by the actuary in their calculations have been:

Financial Assumptions	Local Government Pension Scheme & Teachers Unfunded Discretionary Benefits
-----------------------	----------------------------------------------------------------------------

	31st March 2026	31st March 2025	31st March 2024
Rate of increase in salaries	3.7%	3.3%	3.3%
Rate of increase in pensions (inline with CPI)	3.0%	2.8%	2.8%
Rate for discounting scheme liabilities	6.2%	5.8%	4.9%
<b>Life Expectancy:</b>			
Current male pensioner aged 65 (years)	21.5	20.8	20.9
Current female pensioner aged 65 (years)	24.3	23.8	23.9
Future male pensioner aged 65 in 20 years' time (years)	22.3	21.7	21.8
Future female pensioner aged 65 in 20 years' time (years)	25.8	25.4	25.4

The discount rate used to value fund liabilities is based on market yields on high quality corporate bonds over appropriate terms. To facilitate this, Hymans Robertson produce a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

#### 14.6 Sensitivity Analysis

As noted above, changes to the financial assumptions disclosed in 14.5 will result in movements in the key pension related financial outcomes. An estimation of the results of such movements are given below.

Change in assumption at 31st March 2026	Approximate % increase to Employer	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	7,550
1 Year Increase in Member Life Expectancy	4%	19,476
0.1% increase in the Salary Increase Rate	0%	362
0.1% increase in the Pension Increase Rate	1%	7,181

In addition the actuary estimates that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice this is dependent on the age groups predominantly affected.

#### 14.7 Investments held by the pension fund

The Teachers' Unfunded Discretionary Benefits Scheme has no assets set aside to meet its liabilities. The Local Government Pension Scheme's assets are valued at fair value, and consist of the following categories, by proportion of the total assets held:

31st March 2025		Category	Quoted in Active markets	31st March 2026	
£000	%			£000	%
0	0.0%	Equities	Yes	0	0.0%
<b>Investment funds &amp; Unit Trusts</b>					
390,054	72.7%	Equities	No	447,863	72.5%
61,972	11.5%	Bonds	No	66,538	10.8%
74,196	13.8%	Other	No	93,189	15.1%
8,573	1.6%	Property	No	7,392	1.2%
2,036	0.4%	Cash accounts	No	2,945	0.5%
0	0.0%	Alternatives	No	0	0.0%
<b>536,832</b>	<b>100.0%</b>	<b>Total</b>		<b>617,926</b>	<b>100.0%</b>

## 14.8 The movement in the authority's share of the assets and liabilities within the fund

### The Movement in Fund Assets

Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits
2024/25 £000	2024/25 £000		2025/26 £000	2025/26 £000
509,253	0	As at 1st April	536,831	0
0	0	Settlement costs	0	0
24,816	0	Interest on plan assets	31,297	0
19,362	379	Employers contributions	19,821	342
4,740	0	Contributions by scheme participants	4,835	0
(2,848)	0	Gains / (losses) on remeasurement of assets	44,201	0
0	0	Administration expenses of plan assets	0	0
(18,492)	(379)	Benefits paid	(19,059)	(342)
536,831	0	As at 31st March	617,926	0

### The Movement in Fund Liability

(512,445)	(2,788)	As at 1st April	(451,049)	(2,361)
(14,410)	0	Current service cost	(10,653)	0
(914)	0	Past service (cost) / gain (including curtailments)	(615)	0
0	0	Settlement gains	0	0
0	0	Curtailment costs	0	0
(24,874)	(126)	Interest on pension liabilities	(26,076)	(127)
(4,740)	0	Contributions by scheme participants	(4,835)	0
87,842	174	Gains / (losses) on remeasurement of liabs	(10,628)	50
18,492	379	Benefits paid	19,059	342
0	0	Effect of business combinations & disposals	0	0
(451,049)	(2,361)	As at 31st March	(484,797)	(2,096)

Employer contributions of £737,000 remained payable at 31 March 2026 for the Local Government Pension Scheme (at 31 March 2025 £2,007,000 was payable) and £18,000 was owed to the Authority for the Teachers unfunded discretionary benefits scheme (£18,000 at 31 March 2025).

Within the £484,797,000 of pension liabilities for the Local Government Pension Scheme at 31 March 2026 (£451,049,000 31 March 2025), there are £2,406,000 of unfunded liabilities (£2,765,000 as at 31st March 2025).

## 14.9 Impact of Applying IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

In accordance with IFRIC 14 - IAS 19, Hymans Robertson LLP, the Authority's actuary has assessed that as of 31 March 2026, the fair value of the Authority's pension scheme assets exceeds the present value of its defined benefit obligations. This results in the recognition of a net pension asset.

The standard then requires the position to be further evaluated against the economic benefits available through reductions to future pension contributions to determine whether an additional liability needs to be recognised through an asset ceiling. Committed past service contributions, which have been agreed upon, are included in the net asset position along with any effects of the asset ceiling calculation.

<b>Adjustment Required to Net Asset/Liability</b>	<b>31st March 2026 £000</b>
Net Asset - Unadjusted	135,413
Effect of IAS 19 / IFRIC 14 for the Asset Ceiling Calculation	(184,157)
<b>Net Liability</b>	<b>(48,744)</b>
<b>Adjustment Required to Net Asset/Liability</b>	
Net pension asset before IFRIC 14 adjustment	135,413
Total Remeasurement	(184,157)
Present Value of unfunded benefits	(4,380)
<b>Amended Closing Balance at 31st March 2026</b>	<b>(53,124)</b>

#### 14.10 Summary of the movement in assets and liabilities

Over the five years ending the 31 March 2026, the fund's actuaries have estimated that the Authority had the following assets and liabilities:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<b>Local Government Pension Scheme</b>					
Present value of scheme liabilities	(708,219)	(503,557)	(512,445)	(451,049)	(484,797)
Fair value of scheme assets	452,486	449,740	509,253	395,325	433,769
<b>Surplus / (deficit) in the scheme</b>	<b>(255,733)</b>	<b>(53,817)</b>	<b>(3,192)</b>	<b>(55,724)</b>	<b>(51,028)</b>
<b>Teachers Unfunded Discretionary Benefits</b>					
Present value of scheme liabilities	(3,479)	(2,759)	(2,788)	(2,361)	(2,096)
Fair value of scheme assets	0	0	0	0	0
<b>Surplus / (deficit) in the scheme</b>	<b>(3,479)</b>	<b>(2,759)</b>	<b>(2,788)</b>	<b>(2,361)</b>	<b>(2,096)</b>
<b>Total</b>					
Present value of scheme liabilities	(711,698)	(506,316)	(515,233)	(453,410)	(486,893)
Fair value of scheme assets	452,486	449,740	509,253	395,325	433,769
<b>Surplus / (deficit) in the scheme</b>	<b>(259,212)</b>	<b>(56,576)</b>	<b>(5,980)</b>	<b>(58,085)</b>	<b>(53,124)</b>
<b>Year on year increase in net liability (or deficit)</b>		<b>202,636</b>	<b>50,596</b>	<b>(52,105)</b>	<b>4,961</b>

The figures presented in the table above reflect the net pension position recognised in the Authority's Balance Sheet after applying the asset ceiling adjustment required by IFRIC 14 (see Note 14.9). Before the application of IFRIC 14, the Authority's share of the Greater Gwent Pension Fund moved from an underlying surplus of £85.8 million at 1 April 2025 to £133.4 million at 31 March 2026, an increase of £47.6 million. This principally reflects an increase of £81.1 million in the value of scheme assets, partially offset by an increase of £33.8 million in the value of scheme liabilities.

Growth in the value of scheme assets was driven by positive investment performance across equity, bond and infrastructure asset classes. However, under IAS 19 and IFRIC 14, the Authority can only recognise pension assets to the extent that future economic benefits are available. As a result, an asset ceiling adjustment of £184.2 million has been applied, converting the underlying pension surplus into a net pension liability of £53.1 million recognised on the Balance Sheet at 31 March 2026.

## 15 NOTES TO THE CASH FLOW STATEMENT

### 15.1 Reconciliation of Surplus or Deficit on the Provision of Services to Net Cash Flows from Operating Activities

2024/25 £000		2025/26 £000
(11,287)	Net (surplus) or deficit on the provision of services	(4,867)
	<b>Non-cash transactions:</b>	
(15,852)	Depreciation of non-current assets	(21,869)
172	Impairment and downward valuations	(5,463)
(4)	Amortisation of intangible non-current assets	(4)
(1,463)	Increase/(decrease) in impairment for provision for bad debts	(1,165)
(30)	Increase/(decrease) in inventories	59
11,924	Increase in debtors / decrease in debtors	3,017
(3,490)	Increase in creditors / decrease in creditors	(10,772)
256	(Increase)/decrease in provisions	(217)
4,233	Pension liability adjustments	5,787
952	SEWCJC cash flow adjustments arising from group consolidation	2,414
(577)	Carrying amount of non-current assets, assets held for sale and investment properties which are sold or derecognised	(2,886)
(3,703)	Movement in the value of investment properties	(1,380)
(276)	Other non-cash items charged to the Surplus or Deficit on the Provision of Services	(1,060)
	<b>Items classified in another classification in the cash flow statement</b>	
(2,644)	Other payments for investing activities	(987)
27,828	Other receipts from investing activities	20,662
(35)	Other payments for financing activities	(37)
	Other receipts for financing activities	
4,148	SEWCJC cash flow adjustments arising from group consolidation	(1,401)
371	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,979
<b>10,525</b>	<b>Net cash flows from Operating Activities</b>	<b>(17,190)</b>

### 15.2 Returns on Investments and Servicing of Finance

Returns on Investments received and Servicing of Finance paid during the year are made up of the following elements:

2024/25 £000		2025/26 £000
	<b>Returns on Investments received:</b>	
(1,314)	Interest received	(1,233)
(7)	Other interest and investment income	(5)
	<b>Servicing of Finance paid:</b>	
8,322	Interest paid	5,961
145	Interest element of lease liability payments (IFRS 16)	468
<b>7,145</b>		<b>5,190</b>

### 15.3 (Increase)/decrease in Cash and Cash Equivalents

Cash and cash equivalents comprise cash held by the Authority, bank current accounts, call account deposits and bank overdrafts repayable on demand.

The balance of Cash and Cash Equivalents is made up of the following elements:

	At 31st March 2025	In Year Movement	At 31st March 2026
	£000	£000	£000
<b>Current Assets</b>			
Cash held by the Authority	115	49	164
Bank current accounts	4	10,711	10,715
Short-term call account deposits	9,361	(8,875)	487
<b>Current Liabilities</b>			
Bank overdrafts repayable on demand	(2,588)	613	(1,975)
<b>Total</b>	<b>6,892</b>	<b>2,498</b>	<b>9,391</b>

## 16 OTHER NOTES TO THE ACCOUNTS

### 16.1 Members Allowances

Information on members' allowances is available on request from the Payroll Manager, Payroll Section, Monmouthshire County Council, County Hall, The Rhadyr, Usk NP15 1GA.

The Authority paid the following amounts to Councillors and co-optee members of the council during the year:

2024/25 £000		2025/26 £000
861	Basic allowance	910
241	Special responsibility allowance	280
7	Travel allowance	9
4	Subsistence allowance	3
0	ICT Costs	0
<b>1,113</b>	<b>Total</b>	<b>1,202</b>

The increase in expenditure is mainly due to the 2025/26 pay award which was agreed as part of an Independent Remuneration Panel review. Special Responsibility Allowances increased following changes to member responsibilities during the year.

There was also a small increase in travel claim expenses due to increased meeting and visits.

### 16.2 Audit Costs

The Authority has incurred the following costs during 2025/26 in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Authority's external auditors:

2024/25 £000		2025/26 £000
216	Fees payable to the appointed auditor with regard to external audit services - financial audit	228
121	Fees payable to the appointed auditor with regard to external audit services - Performance Audit Work	127
43	Fees payable to the appointed auditor for certification of grant claims & returns	49
<b>380</b>	<b>Total</b>	<b>403</b>

### 16.3 S31 and S33 Pooled Budget Arrangements

Section 31 of the Health Act 1999 and Section 33 of the NHS (Wales) Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable bodies to work collaboratively to address specific local health issues. A key feature of the pool is that the use of resources contributed to the pool should be dictated by the need of clients who meet the criteria established for the pool, rather than the respective contributions by the partners. Thus, it is to be expected that health service resources could be used to deliver local authority services and vice versa.

Pooled funds are not legal entities. The partners in the pool will nominate one partner to be the host to the pool. That host has responsibility for the administration of the pool.

#### a) Mardy Park Rehabilitation Scheme

The Authority had previously entered into a pooled budget arrangement with the Aneurin Bevan University Health Board for the provision of a Rehabilitation Scheme at Mardy Park which came into effect from the 1st April 2004, with the Authority being host for the partnership.

The Purpose of the scheme was to reduce the time spent in hospital for rehabilitation patients who have no need for in-patient care, undertaken through the assessment of individuals needs and on how community based schemes could adapt to manage the risk of non-residential care effectively.

The income and expenditure for the pooled fund arrangements for the financial year ended 31st March 2026 was:

2024/25 £000		2025/26 £000
	<b>Funding</b>	
(368)	Monmouthshire County Council	(375)
(278)	Monmouthshire Local Health Board	(283)
<b>(646)</b>	<b>Total Funding</b>	<b>(658)</b>
	<b>Expenditure</b>	
422	Employee related	453
92	Premises related	112
6	Transport related	0
32	Supplies & Services	26
45	Agency & Contracted	35
<b>597</b>	<b>Total Expenditure</b>	<b>626</b>
<b>(49)</b>	<b>Net (Under)/over spend</b>	<b>(32)</b>

#### **b) Gwent Integrated Community Equipment Store (GWICES)**

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan Local Health Board and four other local authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Newport and Torfaen. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006. This agreement came into effect on 1st October 2008.

The Purpose of the scheme is to provide an efficient and effective integrated equipment store to service users who are resident in the partnering localities.

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £5,161,000 (£4,787,000 for 2024/25) and gross income of £5,161,000 (£4,787,000 for 2024/25) for the financial year ended 31st March 2026. Monmouthshire County Council's contribution for the year was £581,000 (£518,000 for 2024/25).

#### **c) Monmouth Health & Social Care Facility (Monnow Vale)**

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan University Health Board. Under the arrangements funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide health and social care in the form of inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. This agreement came into effect from the 1st June 2006.

The Facility was developed to replace a number of separate health and social care facilities across the County with a new building that has been financed by a private finance partner over a period of 30 years. Further information is contained in note 12.4 to the accounts.

Aneurin Bevan University Health Board is the host for the Partnership, who recorded gross expenditure of £4,943,000 (£4,772,000 for 2024/25) and gross income of £4,562,000 (£4,347,000 for 2024/25) for the financial year ended 31st March 2026. Monmouthshire County Council's total contribution for the year was £1,542,000 (£1,501,000 for 2024/25).

#### **d) Gwent Frailty Programme**

A Section 33 Partnership Agreement exists between five Local Authorities in the former Gwent area and Aneurin Bevan Local Health Board for the provision of Frailty services to service users who are resident within each of the Partner Localities. This service became operational from the 4th April 2011 and the agreement came into effect from this date.

The Gwent Frailty programme has created a Community based integrated model of care through the establishment of Community Resource Teams (CRT's) delivering a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain 'happily independent'. The CRT's provide integrated Urgent Response, Reablement, Falls Services within each Locality in line with agreed Locality Commissioning Plans (LCPs).

The programme has attracted Welsh government Invest to Save funding totalling £7.3m which is being used to pump prime the establishment of CRTs and to fund the IT infrastructure. Partners have also committed recurring budgets to the programme totalling £8.9m per annum and have agreed savings targets to ensure on-going financial stability.

Caerphilly County Borough Council is the host for the Partnership, who recorded gross expenditure of £18,634,000 (£18,136,000 for 2024/25) and gross income of £18,559,000 (£17,967,000 for 2024/25) for the financial year ended 31st March 2026. Monmouthshire County Council's total contribution for the year was £1,794,000 (£1,628,000 for 2024/25).

#### **e) Pooled Fund for Care Home Accommodation Functions for Older People**

Under section 169 and Part 9 Statutory Guidance of the Social Services and Wellbeing Act (Wales) 2014, Welsh Government has directed the forming of a pooled arrangement across Wales for Care Home Accommodation Functions for Older People.

The Gwent Regional Partnership Board decided to establish a pooled fund and service, by establishing a 'Gwent' section 33 agreement from the 6 organisations being 5 Local Authorities comprising of Monmouthshire, Newport, Torfaen, Blaenau Gwent and Caerphilly, along with Aneurin Bevan University Health Board.

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £162,568,999 (£150,254,591 for 2024/25) and funding of £162,568,999 (£150,254,591 for 2024/25) for the financial year ended 31st March 2026. Monmouthshire County Council's total contribution for the year was £17,676,523 (£15,255,257 for 2024/25).

## **16.4 Related Party Transactions**

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

### **Central & Welsh Government**

Central & Welsh Government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of core and specific grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. housing benefits). Details of grant income received from Central & Welsh Government and other government departments are set out in note 11.6 to the Accounts and balances owing to/from these parties is outlined in notes 13.5 & 13.6.

### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2025/26 is shown in note 16.1. Under the Code of Conduct, incorporated in the Council's constitution, Members are required to record in the Register of Members' Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The Register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do 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 the minutes of relevant meetings.

Members of the Council are nominated to serve on numerous outside bodies, such as Town & Community Councils. These bodies will either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Council. Where works 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 Council must ensure that contracts entered into were in full compliance with standing orders and that grants were made with proper consideration of declarations of such interests.

Some County Councillors also served as Town or Community Councillors during the financial year. All Community Council precepts are included within the Consolidated Income and Expenditure Statement. The Authority made payments of £2,911,053 and received income of £457,973 relating to Town and Community Councils during 2025/26, in addition to Community Council precepts collected and distributed through the Council Tax system.

The Authority made payments of £2,844,552 and received income of £3,062,361 from other organisations that were identified as a related party to Councillors with significant relationships identified in the table below. There were no debtor or creditor balances outstanding with related parties at the end of 2025/26 (nil in 2024/25)

Related Party, relationship and transaction details	Amounts Paid by Authority £	Amounts Received by Authority £
Aneurin Bevan University Health Board - A member of the Council served as a board member of the service during the financial year	1,806,368	(2,880,464)
Education Achievement Service - A member of the Council served as a board member of the service during the financial year	397,174	(18,800)
Welsh Joint Education Committee - A member of the Council served as a board member during the financial year	582,188	(476)
Gateway Credit Union Ltd - A member of the Council served as a volunteer director of this credit union	47,863	(1,771)
The Palmer Centre - A member of the Council served as a voluntary board member during the financial year	7,320	0
Caerwent Community Centre Limited - A member of the Council served as a trustee during the financial year	1,200	0
Goytre Village Hall - A member of the Council served as a trustee during the year	1,086	0
Basecamp Charity, Chepstow - A member of the Council served as Clinical Lead of this charity	887	(11)
Usk Memorial Hall - A member of the Council served as a trustee during the financial year	346	0
Gwent County History Association - two Councillors served as Board members during the financial year	120	0
HH Business Finance Ltd. - A Councillor declared a close family relationship with a Board Member of this company.	0	(36,543)
Chepstow Harriers - A member of the Council was a member during the year	0	(2,517)
Portskewett and Sudbrook Playing Fields and Recreational Hall - A member of the Council served as a trustee during the year.	0	(1,202)

Charles Pratt Charity - A member of the Council served as a trustee during the year	0	(496)
Chepstow U3a - One Councillor was a member during the financial year.	0	(60)
Abergavenny Community Orchard and Gardens CIC - A member of the Council was an active member during the year.	0	(54)
Cardiff Capital Region (CCR) Energy - One Councillor served as a Council appointee during the financial year	0	(102,644)
CSC Foundry - One Councillor served as a board member during the financial year	0	(17,325)

## Companies and Joint Ventures

The Authority has interests in companies and joint ventures and relevant transactions are disclosed in note 16.6 to the Accounts about such interests.

## Senior Officers

Section 117 of the Local Government Act 1972 requires officers to declare any pecuniary interests that they may have regarding any transactions being entered into by the Authority in which they have a direct or indirect involvement.

The Chief Executive was the Acting Returning Officer and Electoral Registration Officer for Monmouthshire during 2025/26 and held the following position during the year:

- **Member of the Cardiff Capital Region Investment Committee**
- **Director and Chair of the Board of CCR Energy (from December 2025); and**
- **Governor (Honorary) - Cardiff Metropolitan University**

The Deputy Chief Executive & Strategic Director - Resources declared an indirect interest arising from a close family member's position within the South East Wales Corporate Joint Committee.

The Strategic Director for Children, Learning, Skills and Economy declared a position as a Non-Executive Director of the Local Authority School Improvement Service (LASIS).

The Strategic Director for Social Care, Safeguarding and Health declared a position as a Company Director of the Association of Directors of Social Services Cymru (ADSS Cymru).

The Chief Officer for Infrastructure declared a position as a Magistrate within the Ministry of Justice. They have also declared related party interests arising from close family members employed by Monmouthshire County Council.

Transactions with CCR Energy during 2025/26 comprised £102,644 of income received by the Authority. This related to the Chief Executive's declaration as Director and Chair of the Board of CCR Energy from December 2025. This transaction is also included within the Members disclosure above. All transactions were conducted in accordance with the Authority's constitution, financial regulations and procurement procedures.

Transactions with Cardiff Metropolitan University during 2025/26 comprised £87 of expenditure and £87 of income (£3,955 expenditure and £10,750 income in 2024/25). All transactions were conducted in accordance with the Authority's constitution, financial regulations and procurement procedures.

Other than the interests disclosed above, no material related party transactions requiring disclosure were identified from Chief Officer declarations received for 2025/26.

Further information regarding the Authority's interests in the South East Wales Corporate Joint Committee and related entities is provided in Note 16.6.

## 16.5 Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds. The funds do not represent assets of the Council and they have not been included in the Consolidated Balance Sheet. The balances below are based upon unaudited trust fund information for the year ended 31st March 2026:

2024/25				2025/26		
Final				Draft		
Income £000	Expend £000	Net assets / Fund Balance £000		Income £000	Expend £000	Net assets / Fund Balance £000
(219)	227	5,210	<b>Welsh Church Act Fund</b>	(302)	402	5,110

The primary objective of the Charity is to assist groups and individuals for educational, social, recreational and other charitable purposes. The Trust owns tangible fixed assets comprising eight parcels of land. Five of these are agricultural, two are grazing and one is forestry.

(24)	25	65	<b>Llanelly Hill Social Welfare Centre</b>	(57)	57	65
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The primary objective of the fund is the provision of a Social welfare centre to the residents of Llanelly hill. The Trust's fixed assets comprise the social welfare centre premises and land upon which it is situated.

0	1	1	<b>Chairman's Charity</b>	0	0	1
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The Chairman's Charity supports and raises funds for the Chairman's nominated Charity of the year.

### ***Funds for which Monmouthshire County Council acts as custodian trustee:***

(39)	10	663	<b>Monmouthshire Farm School Endowment</b>	(30)	40	654
(1,794)	1,396	1,766	<b>Appointeeship - Personal Monies</b>	(1,453)	1,450	1,770

## 16.6 Related Businesses and Operations

The Council has a number of interests in other entities which fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code.

In respect of the South East Wales Corporate Joint Committee (SEWCJC), the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures. Further details of the arrangement are outlined below.

During the preparation of the 2025/26 Group Statement of Accounts, the South East Wales Corporate Joint Committee (SEWCJC) restated its 2024/25 Group Accounts. As Monmouthshire County Council consolidates its proportionate share of the SEWCJC Group into the Council's Group Accounts, the comparative 2024/25 figures have been amended to reflect the revised information. The restatement affects both the Surplus or Deficit on the Provision of Services and Other Comprehensive Income and Expenditure, together with associated reserve balances. A portion of the adjustment relates to the restatement of opening reserve balances and reserve classifications within the SEWCJC Group and therefore does not result in an equivalent movement in closing reserves. The comparative figures have been restated to ensure consistency with the revised SEWCJC Group Accounts and to present a fair and accurate view of the Council's share of the Joint Arrangement.

The Council's remaining interests in other entities, in aggregate, are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. For this reason, group accounts are not deemed necessary for these entities within these statements. In order to ensure compliance with the Code, a range of narrative disclosures have been made as follows:

### **Shared Resource Service**

The Authority entered into a public sector collaborative arrangement, known as the Shared Resource Service, with Torfaen County Borough Council (TCBC) and Gwent Police Authority in May 2011, Newport City Council and Blaenau Gwent Borough Council have joined the partnership subsequently. The arrangement has resulted in a Shared Resources Centre (SRC) being set up for the purpose of providing IT services to each member authority.

A memorandum of understanding is in place to provide robust governance arrangements. The arrangement is not a separate legal entity and ownership of the SRS premises resides with TCBC. The arrangement is funded by core contributions from partners, income from desk licences and rack rentals from schools and external income. Monmouthshire's core contribution during 2025/26 included in the Council's Accounts totalled £2.537m (£2.418m in 2024/25).

The Authority owed £9,119 to SRS at the 31st March 2026 (£22,716 owed as at 31st March 2025).

### Melin Homes & Y Prentis

Y Prentis is a business set up by Monmouthshire County Council and Melin Homes with a 50/50 share to actively promote the provision of technical and vocational secondary education.

The Company's latest available trading results are the financial statements for the period ending 30th September 2024.

The company is exempt from audit under section 477 of the companies act 2006 for the financial year ending September 2024.

On 21st May 2025 Monmouthshire County Council approved the cessation of Y Prentis, with its functions and responsibilities to be transferred to Cyfle Shared Apprenticeship Scheme - a charitable company with a similar mission. This decision follows a strategic review highlighting the financial unsustainability of Y Prentis, declining apprenticeship completion rates, and challenges in securing employer placements. With Melin Homes (now Hedyn) withdrawing from its support and shareholder role, and no other board organisations stepping forward, the transition ensures continuity of apprenticeship opportunities under a more viable delivery model. Monmouthshire will retain oversight through representation on Cyfle's Board. All remaining assets will be transferred in accordance with the company's Articles of Association.

30th Sep 2023		30th Sep 2024
£000		£000
Final		Final
299	Total Assets/(Liabilities)	224
(25)	Profit/(Loss) before Taxation	(75)
(25)	Profit/(Loss) after Taxation	(75)
0	Dividends	0

There were no transactions between Monmouthshire County Council and Y Prentis during 2025/26 (nil in 2024/25).

### Education Achievement Service (EAS) - now operating as LASIS

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport have formed an Education Achievement Service (EAS). The integrated service has been designed to raise education standards in South East Wales.

The EAS became operational in September 2012. It is a joint company, limited by guarantee and wholly owned and completely controlled by the five local Councils, but operating at arm's length. It is not a profit making company, and it is a separate legal entity. There is no lead Council with each being represented equally with a 20% interest and having equal voting rights. The company has a Board consisting of the Lead Director and elected member representatives from the partner Councils. The collaboration Agreement commits the Council to participating in the EAS company for a minimum period of four years.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2026.

31st March 2025		31st March 2026
£000		£000

Final		Draft
359	Total Assets/(Liabilities)	343
(135)	Profit/(Loss) before Taxation	(16)
(135)	Profit/(Loss) after Taxation	(16)
0	Dividends	0

Payments of £329,090 were made to the EAS during 2025/26 (£473,582 during 2024/25). Income received from EAS was £0. No outstanding income was owed by the EAS to MCC at 31st March 2026 (£Nil at 31st March 2025).

#### Gwent Archives

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport are included in the Gwent Archives Service. The integrated service collects, preserves, and makes accessible to the public, documents relating to the area it serves.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2026.

31st March 2025		31st March 2026
£000 Final		£000 Draft
258	Total Assets/(Liabilities)	301
4	Profit/(Loss) before Taxation	43
4	Profit/(Loss) after Taxation	43
0	Dividends	0

Payments of £227,906 were made to Gwent Archives during 2025/26 (£219,057 during 2024/25). There were no balances owing to/from Gwent Archives at 31st March 2026 (nil at 31st March 2025).

#### Gwent Crematorium

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport are included in the Gwent Crematorium Service. The integrated service provides crematorium services to the public relating to the area it serves.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2026.

31st March 2025		31st March 2026
£000 Final		£000 Draft
2,258	Total Assets/(Liabilities)	2,347
147	Profit/(Loss) before Taxation	89
147	Profit/(Loss) after Taxation	89
0	Dividends	0

A dividend payment of 86,929 was received from Gwent Crematorium relating to the 2024/25 financial year (£48,294 during 2024/25 for 2023/24). The dividend of £67,704 is outstanding for 2025/26 as at 31st March 2026.

#### Project Gwyrdd

The five local Councils of Monmouthshire, Caerphilly, Newport, Cardiff and the Vale of Glamorgan are included within the Project Gwyrdd. The integrated service collects, processes, and disposes of household waste that is suitable for recycling.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2026.

31st March 2025		31st March 2026
£000 Final		£000 Draft

191	Total Assets/(Liabilities)	132
(46)	Profit/(Loss) before Taxation	(59)
(46)	Profit/(Loss) after Taxation	(59)
0	Dividends	0

A payment of £27,000 was made to Project Gwyrdd during 2025/26 (£27,000 for 2024/25) There was £Nil owing to Project Gwyrdd at 31st March 2026 (£Nil at 31st March 2025).

#### South East Wales Corporate Joint Committee (SEWCJC)

As of 18 March 2024, the City Deal transitioned into a Corporate Joint Committee (CJC). The public-facing name of the body is Cardiff Capital Region (CCR), while its legal designation is the South East Wales Corporate Joint Committee (SEWCJC).

Monmouthshire County Council contributes 6.1% to the £120 million investment programme, based on its share of the regional population. The Council is also responsible for funding its share of the annual costs associated with this investment. The development and oversight of the programme are managed by the CJC Regional Cabinet.

The revenue contribution required during the year was £78,568 (£78,568 in 2024/25). The capital contribution to the project was not required during 2025/26, as was the case in 2024/25, due to reprofiling of the investment pipeline.

There were no balances owing to/from the SEWCJC at 31st March 2026 (nil at 31st March 2025).

The Authority's share of the SEWCJC's income, expenditure, assets, liabilities, reserves and cash flows has been incorporated within the primary statements of the Council in accordance with the Code.

#### CSC Foundry

During 2025/26 Monmouthshire County Council provided financial administration services to CSC Foundry Ltd, a subsidiary of the South East Wales Corporate Joint Committee (SEWCJC). Fees of £19,000 were received by the Authority during the year for the provision of these services (£17,325 in 2024/25).

As part of the financial administration arrangement, the Authority also manages cash balances on behalf of CSC Foundry through its treasury management activities. At 31 March 2026, CSC Foundry had £3.0 million invested with the Authority, which is included within short-term borrowing in the Balance Sheet (£3.0 million at 31 March 2025).

The Authority considers that these arrangements give rise to a significant relationship with CSC Foundry Ltd and accordingly makes this disclosure within the related businesses and operations note.

### 16.7 Senior Officer Remuneration

The remuneration paid to the Authority's senior employees, where annualised salary is equal to or more than £60,000 per year, is as follows:

Year ended 31st March 2026						
Post Holder	Salary including fees and allowances £	Compensation for loss of employment £	Expense Allowances inc. Benefits in Kind £	Total Remuneration excluding Pension contributions £	Pension Contributions (Based on Common Rate from Actuary) £	Total Remuneration including Pension contributions £
Chief Executive Officer	140,352			<b>140,352</b>	31,701	<b>172,053</b>
Deputy Chief Executive & Strategic Director - Resources (Section 151 Officer)	113,520			<b>113,520</b>	28,266	<b>141,786</b>
Strategic Director - Children, Learning, Skills & Economy (previously Learning, Skills & Economy)	109,248			<b>109,248</b>	27,203	<b>136,451</b>

Strategic Director - Social Care & Safeguarding (previously Social Care & Health)	109,248			<b>109,248</b>	27,203	<b>136,451</b>
Chief Officer - Law & Governance	104,748			<b>104,748</b>	26,082	<b>130,830</b>
Chief Officer - Infrastructure	95,883			<b>95,883</b>	23,875	<b>119,758</b>
Chief Officer - People, Performance & Partnerships	87,720			<b>87,720</b>	21,842	<b>109,562</b>
Chief Officer - Place and Community Wellbeing	86,386			<b>86,386</b>	21,510	<b>107,896</b>
<b>Total</b>	<b>847,106</b>	<b>0</b>	<b>0</b>	<b>847,106</b>	<b>207,683</b>	<b>1,054,789</b>

Year ended 31st March 2025						
Post Holder	Salary including fees and allowances £	Compensation for loss of employment £	Expense Allowances inc. Benefits in Kind £	Total Remuneration excluding Pension contributions £	Pension Contributions (Based on Common Rate from Actuary) £	Total Remuneration including Pension contributions £
Chief Executive Officer	131,208	0	1,123	<b>132,331</b>	28,952	<b>161,283</b>
Deputy Chief Executive & Strategic Director - Resources (previously Chief Officer - Resources and Deputy Chief Executive)	115,039	0	0	<b>115,039</b>	28,184	<b>143,223</b>
Strategic Director - Learning, Skills & Economy (previously Chief Officer - CYP)	98,665	0	0	<b>98,665</b>	24,173	<b>122,838</b>
Chief Officer - Communities and Place (Apr - Nov)	61,101	0	0	<b>61,101</b>	14,970	<b>76,071</b>
Chief Officer - Law & Governance	95,473	0	0	<b>95,473</b>	23,391	<b>118,864</b>
Strategic Director - Social Care & Health (previously Chief Officer - Social Care, Safeguarding and Health)	97,935	0	0	<b>97,935</b>	23,994	<b>121,929</b>
Chief Officer - Customer, Culture & Wellbeing	88,572	0	0	<b>88,572</b>	21,700	<b>110,272</b>
Chief Officer - People, Performance & Partnerships	82,409	0	0	<b>82,409</b>	20,190	<b>102,599</b>
Chief Officer - Infrastructure (Nov - Mar)	34,340	0	0	<b>34,340</b>	8,413	<b>42,753</b>
Chief Officer - Place (Nov - Mar)	29,959	0	0	<b>29,959</b>	7,340	<b>37,299</b>
Head of Finance - Acting section 151 Officer (Nov - Mar)	38,729	0	0	<b>38,729</b>	9,489	<b>48,218</b>
<b>Total</b>	<b>873,430</b>	<b>0</b>	<b>1,123</b>	<b>874,553</b>	<b>210,796</b>	<b>1,085,349</b>

Senior Officers are defined for the purposes of this disclosure as the Chief Executive, together with those senior officers that the Chief Executive is either directly responsible for or senior officers who are directly accountable to the Chief Executive. If they meet this definition any time during the year, their salary for the period the officer was acting as a senior officer is reported.

Senior staff can act in an ancillary capacity as Returning Officers overseeing the administration of periodic referenda and elections. Commonly the fee for such work is nationally set. For the avoidance of any doubt, any such costs are not included in this analysis.

Employers' pension contributions were paid at a rate of 24.9% of pensionable pay for staff within the Local Government Pension Scheme (24.5% for 2024/25). Expense allowances are defined as those additional costs that are chargeable to income tax.

In satisfying the requirement to report the Chief Executive's remuneration as a proportion of the full time equivalent median salary of Monmouthshire County Council employees, the median employee position has been calculated as £31,537. This equates to spinal point 18 and resulting in a median ratio when compared with the Chief Executive Officer salary of 4.5:1.

In 2024/25, the median employee position was calculated as £30,060, equating to spinal point 17 and resulting in a median ratio when compared with the Chief Executive Officer salary of 4.4:1.

For the purposes of reporting remuneration, voluntary aided schools' employees have been included in the remuneration notes 16.7 to 16.9, where appropriate, as if they were employees of the council even though their contract of employment is with their respective governing body.

## 16.8 Officers' Emoluments

The number of employees whose remuneration was £60,000 or more in bands of £5,000, during the year ended 31st March 2026, was:

2024/25		Remuneration Band	2025/26	
Number of employees	(Of which are teaching staff)		Number of employees	(Of which are teaching staff)
0	0	£140,000 - £149,999	2	1
1	1	£135,000 - £139,999	0	0
2	1	£130,000 - £134,999	1	1
2	2	£125,000 - £129,999	1	1
0	0	£120,000 - £124,999	0	0
1	0	£115,000 - £119,999	1	1
1	1	£110,000 - £114,999	1	0
1	1	£105,000 - £109,999	3	1
1	0	£100,000 - £104,999	2	1
4	1	£95,000 - £99,999	2	1
4	2	£90,000 - £94,999	4	3
10	2	£85,000 - £89,999	8	0
17	12	£80,000 - £84,999	14	10
8	6	£75,000 - £79,999	17	16
16	13	£70,000 - £74,999	19	14
22	16	£65,000 - £69,999	27	17
61	36	£60,000 - £64,999	78	42
<b>151</b>	<b>94</b>	<b>Total</b>	<b>180</b>	<b>109</b>

Remuneration is defined as gross salary and expenses and the effect of any severance costs e.g. redundancy, termination and compromise agreements. Remuneration excludes pension contributions.

Bandings above include the effect of senior officers shown in note 16.7.

Employers' pension contributions were paid at a rate of 24.9% of pensionable pay for staff within the Local Government Pension Scheme (24.5% for 2024/25) and 28.68% of pensionable pay for staff within the Teachers' Pension Scheme (28.68% in 2024/25).

## 16.9 Termination Benefits

The Code does not set out a precise definition of exit packages and authorities need to consider the relevant departure costs that have been recognised in the financial statements in accordance with the Code's requirements on termination benefits.

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Code sets out that the form of the employee benefit does not determine whether it is provided in exchange for service or in exchange for termination of the employee's employment.

Total Cost of Exit packages reflects redundancy payments, settlement agreements to terminate employment, and any strain costs associated with the agreed enhancement of post-employment pension benefits.

2024/25			Exit package Cost band	2025/26		
No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each pay band £000's		No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each pay band £000's
23	4	140	£0 - £20,000	27	6	266
18	3	601	£20,001 - £40,000	5	3	200
6	5	529	£40,001 - £60,000	2	1	151
1	1	165	£60,001 - £80,000	1	0	62
0	1	97	£80,001 - £100,000	0	0	0
0	0	0	£100,001 - £150,000	0	0	0
1	0	177	£150,001 - £200,000	1	0	181
<b>49</b>	<b>14</b>	<b>1,709</b>	<b>Total</b>	<b>36</b>	<b>10</b>	<b>858</b>

No individual exit package exceeded £200,000 during 2025/26.

## 16.10 Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

No such unadjusting events have been identified subsequent to the balance sheet date.



## SECTION 17

# ANNUAL GOVERNANCE STATEMENT

2025/26



Date of Report Issue

22<sup>nd</sup> June 2026

Report Status

Draft v4

Report Author

Jan Furtek, Chief Internal Auditor

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- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), namely the *Delivering Good Governance in Local Government: Framework (2016)* and the *Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities (2016)*. It has also been prepared having regard to the May 2025 Addendum covering the annual review of governance and the annual governance statement. The Statement embraces the elements of internal financial control required by the *Code of Practice on Local Authority Accounting in the United Kingdom*.
- 2 This Statement demonstrates that Monmouthshire County Council has governance arrangements in place that are aligned to the principles of good governance and that an annual review has been undertaken to assess their effectiveness. That review has drawn on a robust range of assurances and evidence and has concluded that, while governance arrangements are generally fit for purpose and continue to operate effectively, there remain areas where further strengthening and improvement are required. Progress against the 2024/25 Action Plan is shown on page 33.

### Scope of Responsibility

- 3 Monmouthshire County Council (the Council) (MCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 4 In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 6 The **Code of Corporate Governance**, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government', was initially approved by Council in July 2011; the Code was revised and updated again in June 2020, approved by Cabinet in September 2021. This statement explains how the Council has complied with the revised Framework and Guidance (2016) and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. The Code sets out what governance arrangements are in place within Monmouthshire CC for each of the Governance Principles.
- 7 The Code was reviewed during 2025/26 in light of updated CIPFA guidance following publication of the Delivering Good Governance in Local Government Addendum. The revised Code was considered by the Council's Strategic Leadership Team in March 2026, endorsed by the Governance & Audit Committee in April 2026, and is due to be submitted for formal approval by County Council in June 2026.

### Senior Management

- 8 As reported in the 2024/25 Annual Governance Statement, in July 2024, the County Council agreed to establish a Remuneration Committee with the scope to determine the remuneration for the Council's Senior Leadership Team. In accordance with the Remuneration Committee's Terms of Reference, it presented a report to the County Council in April 2025, which resolved to approve the recommendations made. This resulted in senior leaders of the Council receiving an increase in pay, in accordance with the median salary range, over a two-year period from April 2025. The implementation of this recommendation ensured that the salary structure for senior leaders was comparable with other councils in the region.

- 9 Following the approval of the Remuneration Committee's recommendations, the Chief Executive presented a report to the County Council in June 2025 amending the senior leadership structure for the Council. The report was accepted and the senior leadership team now comprises:
- Chief Executive
  - Deputy Chief Executive & Strategic Director – Resources (S151 Officer)
  - Strategic Director - Social Services & Safeguarding (Director of Social Services)
  - Strategic Director – Children, Young People, Skills & Economy (Director of Education)
  - Chief Officer – Law & Governance (Monitoring Officer)
  - Chief Officer – People, Performance & Partnerships
  - Chief Officer – Infrastructure
  - Chief Officer – Place & Community Wellbeing

These are supported by their respective Directorate Management Teams comprised of a mixture of Deputy Chief Officers and Senior Officers.

- 10 Following an internal audit recommendation, the Council is reviewing the job evaluation scheme for all other posts paid on Chief Officer terms and conditions (Deputy Chief Officers). This work is intended to ensure that the arrangements remain transparent, consistent and robust, and that roles are evaluated using an appropriate and clearly understood methodology. The review will support effective pay governance, strengthen assurance over senior remuneration arrangements, and help ensure that the Council's approach remains fair, proportionate and aligned to its wider workforce and governance framework.
- 11 During 2025/26, the Chief Internal Auditor post was filled on a permanent basis, with the acting post-holder appointed to the role.
- 12 There were also a number of significant changes during the year across the Council's Digital and Information Technology functions and within the Shared Resource Service (SRS). These included:
- The Head of Information Technology (nominated SIRO) reduced their hours alongside a restructure of the Information Security Team to provide resilience as well as succession planning.
  - The Chief Operating Officer (COO) of the SRS left their post in January 2026. Following a rigorous recruitment process, their replacement came into post in April 2026.
  - The collaborative Information Security Service hosted by MCC and consisting of Gwent Police, Blaenau Gwent, Torfaen and Monmouthshire was incorporated into the SRS Info Security Team. This was in order to provide greater resilience and expertise. The Chief Information Security Officer (CISO) left their post in April 2026 to take up the appointment of COO of the SRS. There is currently a vacancy in the CISO post, though it is to be advertised externally
  - The Digital, Design and Innovation team formally merged and transferred to Torfaen CBC, establishing a shared service model designed to enhance organisational resilience.

### **The Purpose of a Governance Framework**

- 13 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads in the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 14 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. Appropriate internal controls also ensure the Council's resources are utilised, and services are delivered efficiently, effectively and economically.
- 15 The governance framework has been in place at the Council for a number of years and continued to be in place for the year ended 31<sup>st</sup> March 2026 and up to the date of approval of the statement of accounts.

## **The Governance Framework**

- 16** The Council's Code of Corporate Governance is in line with the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' principles:

Overarching requirements for acting in the public interest:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition, achieving good governance in the Council requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### **Wellbeing of Future Generations (Wales) Act 2015**

- 17** Monmouthshire has to demonstrate it is compliant with the Well-being of Future Generations (WFG)(Wales) Act 2015 and this complements the way it functions in line with the above principles of good governance; the core behaviours being:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- ensuring openness and comprehensive stakeholder engagement

This needs to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Monmouthshire and Wales.

- Long Term
- Prevention
- Integration
- Collaboration
- Involvement

- 18** The key elements of the Council's governance arrangements are set out in its Community and Corporate Plan 2022-28. This was approved by Council on the 20<sup>th</sup> April 2023.

- 19** Since the Local Government elections in May 2022, initially the administration had been working without a majority, however, in May 2023 a coalition agreement was reached and this continued throughout the 2025/26 financial year. However, in May 2026, after the end of the 2025/26 financial year, one councillor left the Labour group, meaning that the coalition no longer held sufficient votes to command a majority.

**Review of Effectiveness**

- 20 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. For 2025/26, this review was undertaken against the principles and sub-principles set out in the Council's Code of Corporate Governance, which is aligned to the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework (2016)*, the associated Welsh guidance, and the May 2025 addendum on the annual review of governance and the annual governance statement. The review considered whether governance arrangements remained fit for purpose, were operating effectively in practice, and were sufficiently robust to support the delivery of the Council's objectives and statutory responsibilities.
  
- 21 The review drew on a broad range of assurance sources, including the work of the Strategic Leadership Team, the Chief Internal Auditor's annual report and opinion, external audit findings, inspectorate and regulatory reports, self-assessment activity, performance and financial monitoring, risk management arrangements, committee oversight, and progress against the previous year's governance improvement actions. Each principle was assessed by considering: (i) the governance arrangements in place; (ii) evidence of how effectively those arrangements operated during the year; and (iii) any areas requiring further strengthening. In doing so, the Council distinguished between routine improvement opportunities and issues that might represent a significant governance weakness. No matters were identified in 2025/26 that were considered sufficiently serious, pervasive or systemic to amount to a significant governance issue requiring a fundamental revision of the Council's governance framework. Overall, the review concluded that the Council's governance arrangements remain fit for purpose and are operating effectively, while recognising that further improvement is necessary in some areas and is reflected in the action plan set out later in this Statement.
  
- 22 The review was also informed by the Council's 2025/26 Panel Performance Assessment, which provided independent external assurance on the Council's overall performance and identified further opportunities to strengthen outcome focus, insight, capacity and delivery.
  
- 23 To support a clear and consistent assessment, the Council has applied a six-point rating scale to each governance principle. This scale provides a structured way of expressing the overall balance of evidence for each principle, taking account of the strength of the governance arrangements in place, the evidence of how effectively they operated during the year, and the significance of any weaknesses or areas requiring improvement. Ratings were informed by professional judgement and a range of assurance sources rather than by any single measure and should therefore be read as an overall governance assessment rather than a purely performance-based score. The scale helps distinguish areas where governance is operating strongly from those where improvement is required, while also supporting comparison over time and helping to identify where management attention should be focused.

Level	Definition	Description
6	Excellent	Excellent or outstanding – All performance measures have achieved the target set and all actions have been delivered.
5	Very Good	Major strengths – A significant majority of actions and measures are on track. No more than one or two falling short.
4	Good	Important strengths with some areas for improvement – The weight of evidence shows that the successes are greater than the areas that have not been achieved.
3	Adequate	Strengths just outweigh weaknesses – The evidence of success marginally outweighs areas that are not on track. Some actions are behind schedule and some measures are falling short of planned targets.
2	Weak	Important weaknesses – The majority of measures and actions have not been achieved.
1	Unsatisfactory	Major weakness – In most areas performance is assessed as moving in the wrong direction and the vast majority of actions have not been delivered

## Chief Internal Auditor Statement and Annual Opinion

- 24** The Global Internal Audit Standards and the UK Public Sector Application Note requires the Chief Audit Executive (Head of Internal Audit) to provide an annual opinion based upon and limited to the work performed on the overall adequacy and effectiveness of Monmouthshire County Council's framework of governance, risk management and internal control. This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance.

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

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

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

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

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

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

Jan Furtek  
Chief Internal Auditor  
June 2026

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**



The Council is accountable not only for how much it spends, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Behaving with integrity</b>	<ul style="list-style-type: none"> <li>▪ Members Code of Conduct in Constitution which reflects Local Authorities (Model Code of Conduct) (Wales) Order 2016</li> <li>▪ Officers Code of Conduct in Constitution</li> <li>▪ Registers of interests / hospitality</li> <li>▪ Induction training</li> <li>▪ Member/Officer Protocol in Constitution</li> <li>▪ Member led Authority principles/document</li> <li>▪ Member training programme</li> <li>▪ Council Values — Openness, Fairness, Flexibility, Teamwork, Kindness</li> <li>▪ Whistleblowing Policy</li> <li>▪ Anti-Fraud, Bribery and Corruption Policy</li> <li>▪ Standards Committee</li> <li>▪ Standards Committee Annual Report presented to Council</li> <li>▪ Member Dispute Resolution</li> <li>▪ Complaints procedure</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Code of Conduct for Members and the protocol on Member / Officer relationships are set out in the Constitution.</li> <li>▪ The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members' Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members. The Standards Committee met 2 times during 2025/26.</li> <li>▪ The Public Service Ombudsman Wales (PSOW) Annual Report for 2024/25 was presented to Cabinet in December 2025. The PSOW received 19 complaints about Monmouthshire County Council. This was 10 less than they received in the previous year, and they closed 16, some complaints were carried over from the previous year. They did not investigate any complaints although they intervened in one case and requested an early resolution which was agreed.</li> <li>▪ The PSOW's annual report for 2025/26 is due by September of this year and will be considered by the Standards Committee and Cabinet.</li> <li>▪ No judicial reviews commenced during the year. One pre-action notification was received but was subsequently withdrawn / abandoned by the claimants in October 2025.</li> <li>▪ The Governance &amp; Audit Committee met 8 times during 2025/26 and has the responsibility for ensuring that sufficient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Complete the remaining review and update of key HR governance policies, including the Employee Code of Conduct and Whistleblowing Policy, refresh supporting guidance where required, and ensure that the updated policies and guidance are easy to access.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Decision 'Call In' process</li> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements Action Plan</li> <li>▪ Fraud Risk Assessment</li> </ul>	<p>internal control mechanisms are in place to help identify any potential misconduct within the authority.</p> <ul style="list-style-type: none"> <li>▪ In 2024/25 the Council began a programme to review all HR policies in consultation with the Joint Advisory Group. This continued into 2025/26 and the review schedule will continue into 2026/27.</li> </ul>	
<b>Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"> <li>▪ Council Values — Openness, Fairness, Flexibility, Teamwork, Kindness</li> <li>▪ Contract procedure rules</li> <li>▪ Financial procedure rules</li> <li>▪ Codes of conduct for members and employees</li> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements</li> <li>▪ Whistleblowing Policy</li> <li>▪ Fraud Risk Assessment</li> </ul>	<p>The ethical governance framework includes:</p> <ul style="list-style-type: none"> <li>▪ Codes of conduct for officers and Members.</li> <li>▪ A protocol governing Member/Officer relations.</li> <li>▪ A whistle-blowing policy widely communicated within the Council.</li> <li>▪ Registers of personal and business interests for Members.</li> <li>▪ Declarations of interests for Chief Officers and other employees of the Council.</li> <li>▪ An agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons learnt can be applied.</li> <li>▪ A Scrutiny and Executive Protocol is in place which is aligned to the constitution and provides parameters for effective executive and scrutiny relationships.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Embed the revised Code of Corporate Governance across the organisation following formal approval, including communication, awareness raising and alignment to governance documentation.</li> </ul>
<b>Respecting the rule of law</b>	<ul style="list-style-type: none"> <li>▪ Member and Officer Code of Conduct in Constitution</li> <li>▪ Role of Chief Executive, Section 151 Officer and Monitoring Officer established in Constitution</li> <li>▪ CIPFA statement on the Role of the Chief Financial Officer</li> <li>▪ Anti-Fraud, Bribery and Corruption Policy</li> <li>▪ Governance &amp; Audit Committee</li> <li>▪ Internal Audit Section</li> <li>▪ Internal Audit Annual Report presented to Governance &amp; Audit Committee</li> <li>▪ External Auditors Annual Audit Letter</li> <li>▪ Standards Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Constitution is updated periodically by the Monitoring Officer; the latest update approved by Council was in April 2025. It can be found on the Council's website.</li> <li>▪ To ensure agreed procedures and all applicable statutes are complied with, the Monitoring Officer attends full Council meetings, Cabinet and SLT. To ensure sound financial management is a key factor in decisions, the Deputy Chief Executive and Strategic Director Resources (S151 Officer) attends SLT, Cabinet and Council meetings.</li> <li>▪ In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Whistleblowing Policy</li> <li>▪ Complaints procedure</li> <li>▪ Decision 'Call In' process</li> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements</li> </ul>	<p>maladministration. The Monitoring Officer has not issued a Section 5 report in 2025/26, or in the previous year, 2024/25.</p> <ul style="list-style-type: none"> <li>▪ The Council has an Anti-Fraud, Corruption &amp; Bribery Policy which was approved by Cabinet in January 2024. A mandatory training course in this area was launched in January 2025, with completion across all service areas being closely monitored throughout 2025/26.</li> <li>▪ Audit Wales completed a review of MCC's Counter-fraud Arrangements during 2024/25 with the final report issued in May 2025. It was determined that the Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take. The Council has taken action to implement the two recommendations over the course of the year.</li> </ul>	

**Principle B: Ensuring openness and comprehensive stakeholder engagement**



Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Openness</b>	<ul style="list-style-type: none"> <li>Agendas published in advance of meetings</li> <li>Minutes published following meetings</li> <li>Democratic meetings live streaming on YouTube</li> <li>Decision making process described in Constitution</li> <li>Forward Plan published on internet showing key decisions to be made by Council and Cabinet</li> <li>Annual budget consultation</li> <li>Freedom of Information Scheme</li> <li>Public questions at Council, Cabinet and Select Committees</li> <li>Engagement with hard to reach groups, including those with the protected characteristics defined by the Equality Act 2010. As well as engagement with children and young people to meet the requirement of the United Nations Convention on the Rights of the Child (UNCRC).</li> </ul>	<ul style="list-style-type: none"> <li>Agendas are published in advance of all meetings on the Council's website; corresponding minutes are published post meeting.</li> <li>Transparency and openness are important to Monmouthshire; the Annual Statement of Accounts was considered by the Governance &amp; Audit Committee prior to their approval. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Corporate Plan progress, Council activities, achievements, developments, updates and events were included on the Council's intranet and website. All public meetings of the Council are live streamed and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.</li> <li>A forward work planner is used to identify decision making reports due to be considered by Council, Cabinet and Individual Cabinet Member decision. This is also used to inform the work programme of scrutiny committees. Over the year, this process has been digitised and is available to be accessed by all members and officers.</li> <li>The Council's website contains links to open data sets to promote transparency and openness. Following a decision of the First Tier Information Rights Tribunal (EA/2018/0033) the Authority no longer publishes business rates data on its</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen democratic planning and transparency through earlier inclusion of reports in the Committee Forward Work Planner and improved coordination between decision making and scrutiny work programmes.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Publication of open data sets on the Council's website</li> </ul>	<ul style="list-style-type: none"> <li>▪ open data web page. It will no longer disclose information about business rate accounts in response to FOI requests.</li> <li>▪ Policy and decision-making is facilitated through (i) Council and Cabinet, the meetings of which are open to the public and live streamed online except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution. Four Scrutiny Committees (including the statutory Public Services Scrutiny Committee) and a separate Governance &amp; Audit Committee review, scrutinise and hold to account the performance of the Cabinet, decision-making committees and officers. A Scrutiny "Call-In" process for decisions which have been made but not yet implemented is incorporated in the Constitution in order to consider their appropriateness.</li> <li>▪ Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County.</li> <li>▪ The Council's strategic risk register is published.</li> </ul>	
<p><b>Engaging comprehensively with institutional stakeholders</b></p>	<ul style="list-style-type: none"> <li>▪ Gwent Public Service Board Partnership arrangements and structure</li> <li>▪ Regional Partnership Board</li> <li>▪ Gwent Public Service Board Well-Being Plan</li> <li>▪ Public Services Scrutiny Committee</li> <li>▪ Cardiff Capital Region</li> <li>▪ Marches Forward Partnership</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Gwent Public Services Board meets on a quarterly basis and is responsible for the delivery of the Gwent Well-being Plan. A joint scrutiny committee, made up of members from the five local authorities scrutinises the PSB to ensure accountability for progress.</li> <li>▪ The Monmouthshire Programme Board, also known as a local delivery group, chaired by a senior officer links directly to the Gwent PSB. to ensure that local issues remain at the forefront of partnership delivery. The group has not met during 2025-26 while work was done at a PSB level clarifying how priorities were to be delivered and will reconvene from September 2026.</li> <li>▪ The Gwent Regional Partnership Board (RPB) is a statutory body mandated by the Social Services and Well-being (Wales) Act 2014. It ensures that health, social care, and housing services work together across the Gwent area, making them more person-centred and efficient.</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p><b>Engaging stakeholders effectively, including individual citizens and service users</b></p>	<ul style="list-style-type: none"> <li>▪ Ward role of Councillors</li> <li>▪ Consultations on the council website and social media platforms</li> <li>▪ Complaints Policy and Annual Report</li> <li>▪ Medium Term Financial Plan (MTFP)</li> <li>▪ Complaints procedure</li> <li>▪ Integrated Impact Assessment including Future Generations evaluation and Equality Impact Assessment, on decision reports</li> <li>▪ Strategic Equality Plan</li> <li>▪ Communication via Social Media</li> <li>▪ Lets Talk Monmouthshire - a designed website for customer consultations and engagement.</li> <li>▪ Completion of National Resident Survey</li> <li>▪ Support key services, such as the Contact Centre and Community Development, to be aware of current communication messages and to be able to support our residents.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council is a member of the Cardiff Capital Region, a regional body (Corporate Joint Committee) made up of the 10 councils across South East Wales.</li> <li>▪ Social media e.g. X (formerly Twitter), Instagram, Facebook, LinkedIn and YouTube, are used to engage local people and communicate the corporate message. This continues to be a vital, trusted and valuable asset to our residents. During 2025/26 in excess of 7.5m reach / interactions was achieved on social media and an average of 719k views each quarter were achieved though our Monmouthshire.gov website. A significant rise in the social media reach can be directly attributed to Storm Claudia where our social media interactions exceeded 3.5m in a 5 day period directly after the flooding.</li> <li>▪ Scrutiny Committees hold a Public Open Forum on each agenda and the public can attend meetings remotely or in person. They can also submit written, audio or video representations to Scrutiny Committees and submit suggested topics for the scrutiny forward work programme via the Scrutiny Website <a href="http://www.monmouthshire.gov.uk/scrutiny">www.monmouthshire.gov.uk/scrutiny</a>. Chief Officers, Members and the Communications team are very proactive in engaging with the public. For key statutory consultations, such as the annual budget approval, promotion of how to watch and engage this forum has been highlighted as part of the public facing information to residents.</li> <li>▪ Public engagement events and YouTube continued to be used for the budget proposals. The Council has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided. This links back to the principles of the Well-being of Future Generations Act which sets out five ways of working including involvement. Work continued during 2025/26 to ensure the information hosted within the budget proposals consultation was as accessible as it could be and in a much more condensed version when compared to previous year. In advance of the information going live, work was done to test the tone and content to ensure the</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further embed a consistent and strategic approach to engagement with residents, communities and partners through Let's Talk Monmouthshire and associated engagement standards.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<p>language used was relevant to increase engagement across all demographics. Face to face engagement sessions in the community enabled conversations to take place to inform the wider consultation process, this was focused on taking conversation to residents where they are this year as opposed to expecting them to come to us - which proved to be really effective. Existing 'Warm Hubs' and community activities were used to increase levels of engagement and understanding.</p> <ul style="list-style-type: none"> <li>▪ The Medium Term Financial Plan supports the vision for Monmouthshire and extensive public engagement continued in 2025/26 for the 2026/27 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions, Cabinet Member YouTube video and open meetings.</li> <li>▪ In January 2025 Monmouthshire County Council launched 'Lets Talk Monmouthshire' - a designed platform for consultations and engagement. The focus of this platform is to enable clarity of information for residents and a single place to visit for online consultations right across the organisation, ensuring residents do not miss the opportunity to engage. It also enables a recognisable brand when engaging in face-to-face conversations within our communities. Work continues to grow this platform and encourage residents to register for regular updates, across each and every directorate. Since its launch the site has seen in excess of 48k visits on Council policy, projects and engagement activities with 14k contributions made to help shape outcomes. Work continues to embed this across the organisation and ensure residents have a consistent approach to digital engagement, whilst ensuring the Lets Talk brand also helps to facilitate face to face conversations, including the launch of the 'Lets Talk Forum' for residents to have detailed conversation on key council work.</li> <li>▪ During the Autumn of 2025 the Council conducted the National Resident survey, building on the success of the previous year and to start to develop comparable data on an</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<p>annual basis. Hosted by Data Cymru, the survey is designed to support local councils in increasing their understanding of performance and perception. A total of 1,064 responses were received and the results have been analysed to understand what respondents said about their local area, the council and their interactions with the council. This data continues to be layers with other available sources to ensure organisation delivery is designed on a local level to support residents right across our county.</p> <ul style="list-style-type: none"> <li>▪ Work across the Customer, Communications and Engagement service portfolio has provided internal links and communication across key resident focused services to ensure signposting and support. Colleagues across Community Hubs, Contact Centre, Corporate Communications and Community Development are strengthening shared knowledge and understanding to put the residents at the centre of our collective response on a daily basis.</li> <li>▪ Early draft of 3 'commitment' documents progressed focused on Customer Service, Communication and Engagement to ensure a consistent approach across three key areas of organisational wide work.</li> </ul>	

**Principle C: Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits**

6 Excellent	5 <b>Very Good</b>	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Defining Outcomes</b>	<ul style="list-style-type: none"> <li>▪ Community &amp; Corporate Plan produced and reviewed annually in accordance with Local Government &amp; Elections Act 2021 and 'Wellbeing Objectives' in Wellbeing of Future Generations (Wales) Act 2015</li> <li>▪ Quarterly, six monthly &amp; annual Performance Monitoring Reports</li> <li>▪ Corporate Plan Annual Self-Assessment Report</li> <li>▪ Public Service Board Well-being Plan annual report</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area.</li> <li>▪ Monthly Financial Monitoring meetings held for each service area</li> <li>▪ Risk Management Policy and Guidance</li> <li>▪ Whole Authority Strategic Risk Register</li> <li>▪ Capital Review Programme</li> <li>▪ Self-Assessment report</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Community &amp; Corporate Plan 2022-2028, "Taking Monmouthshire Forward" was approved by Full Council in April 2023 and sets a purpose 'To become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life'. This is underpinned by the Council's 6 objectives (fair place, green place, thriving &amp; ambitious place, safe place, connected place and learning place) and 5 values (teamwork, openness, fairness, flexibility and kindness).</li> <li>▪ The Council's Annual Self-Assessment Report 2024/25 was presented to the Performance &amp; Overview Scrutiny Committee, Governance and Audit Committee and was agreed by Council. The 2025/26 self-assessment is being developed, this has informed and been informed by the Annual Governance Statement.</li> <li>▪ An annual self-assessment review of the Council's 'Enabling Strategies' was completed and reported through the Performance &amp; Overview Scrutiny Committee.</li> <li>▪ As required by the Local Government and Elections (Wales) Act 2021, the Council undertook a Panel Performance Assessment during 2025/26. This provided an independent and intensive review of the Council's performance, governance and ability to secure improvement. The panel concluded that Monmouthshire is an ambitious, well-run Council with communities at its heart and the capability to become great, while also identifying opportunities to sharpen outcome focus, strengthen insight and</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<p>ensure improvement activity is clearly linked to better outcomes for residents. The findings have been considered as part of the Council's self-assessment and governance review arrangements and will inform future improvement planning.</p> <ul style="list-style-type: none"> <li>▪ The six-month performance report on the Community and Corporate Plan was presented to Performance and Overview Scrutiny Committee and Cabinet.</li> <li>▪ Monmouthshire County Council is a member of the Gwent PSB, where we work with other public services and the voluntary sector on the delivery of the local well-being plan. This includes countywide well-being objectives that are a focus for public services.</li> <li>▪ Regular budget monitoring reports for revenue and capital were presented to and approved by Cabinet during the year and at Outturn. The budget management actions of Cabinet and senior officers are scrutinized regularly by the Performance and Overview Scrutiny Committee.</li> <li>▪ The Council has a Welsh Language Strategy for 2022 – 2027, which sets out a vision of how Welsh language will look in Monmouthshire until 2027. The Welsh Language Monitoring Report 2024/25 was presented to the Performance and Overview Scrutiny Committee in June 2025.</li> <li>▪ Objectives are supported by Service Business Plans to operationally deliver these objectives. Service plans are made available on the Council's Hub intranet site. These are quality assessed as part of the service planning process. All service plans were developed to align the delivery of the Council's Community &amp; Corporate Plan.</li> </ul>	
<p><b>Sustainable economic, social, environmental and cultural benefits</b></p>	<ul style="list-style-type: none"> <li>▪ Medium Term Financial Plan (MTFP) covering 3 financial years approved annually by Council</li> <li>▪ Corporate Plan</li> <li>▪ Risk management Policy and Guidance</li> <li>▪ Whole Authority Strategic Risk Register</li> <li>▪ Monmouthshire Public Service Board Well-being Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Budget Setting Process and Timetable for 2026/27 was reviewed and approved by Cabinet in November 2025 This provided a framework to underpin the 2026/27 budget and a set of principles were adopted. This report also highlighted a revenue budget shortfall of £11.5 million for 2026/27 and a cumulative shortfall of £37.4 million over the medium term period to 2029/30. This took into account the impact of economic situation, service demand pressures and the latest intelligence on likely funding levels.</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Future Generations Evaluation, including Equality Impact Assessment, on decision making reports</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area.</li> <li>▪ Climate Emergency Strategy and Action Plan</li> <li>▪ Replacement Local Development Plan process</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Draft Capital Budget Proposals 2026/27 were taken to Cabinet in January 2026. Final Proposals went to Cabinet before being approved by Council in March 2026. Ongoing scrutiny of the Council's budget position in line with the MTFP has provided Members with a greater understanding of the budget setting process and the pressures within individual directorates.</li> <li>▪ In May 2019 Monmouthshire County Council declared a Climate Emergency. Plans are underway to meet our target to reduce council carbon emissions to zero by 2030. In November 2021, following wide community consultation, an updated and amended action plan was published. A revised Climate and Nature Emergency Strategy was considered by Cabinet in May 2024.</li> <li>▪ The Council continued the process for the Replacement Local Development Plan during the year. The draft Deposit Plan was approved by County Council in October 2025 and subsequently submitted to Welsh Government and Planning and Environment Decisions Wales (PEDW) for examination under section 64(1) of the Planning and Compulsory Purchase Act 2004 on 7 November 2025. This represents an important step in establishing an updated planning framework to support sustainable development, place-shaping and the long-term economic, social and environmental well-being of Monmouthshire.</li> </ul>	

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**



Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource input while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement															
<b>Determining interventions</b>	<ul style="list-style-type: none"> <li>Corporate Plan</li> <li>Scrutiny / Select Committee function</li> <li>Risk management policy and guidance</li> <li>Whole Authority Strategic Risk Register</li> <li>Finance and Legal implications in all Council, Cabinet and Committee reports report writing template and guidance</li> <li>Future Generations Evaluation (including Equality Impact Assessment)</li> <li>Results of consultation exercises</li> <li>Reports to Government Agencies</li> <li>Enabling strategy framework</li> <li>Health &amp; Safety Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>Monmouthshire is a partner in the South East Wales Consortium Schools Causing Concern protocol. This Policy forms a part of, and is aligned with, the National Model for School Improvement in relation to the informal support and challenge provided by the Local Authority to a school prior to any issuing of a warning notice or invocation of formal powers of intervention based on the six grounds for intervention. It also aligns with the Welsh Government Guidance on Schools Causing Concern (September 2017).</li> <li>Regular reporting into Cabinet, Scrutiny and Governance &amp; Audit Committee enables the achievement of the Council's objectives to be challenged and appropriate actions put in place to address any identified issues so that the intended outcomes can be achieved.</li> <li>Dealing with customer complaints helps Monmouthshire to identify and deal with failures in service delivery. The Council's corporate complaint / compliment procedure is available on the web site. During 2025/26 there were;</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Whole Authority</th> <th>Social Services</th> </tr> </thead> <tbody> <tr> <td>Stage 1</td> <td>88</td> <td>79</td> </tr> <tr> <td>Stage 2</td> <td>18</td> <td>22</td> </tr> <tr> <td>Comments</td> <td>311</td> <td>70</td> </tr> <tr> <td>Compliments</td> <td>321</td> <td>90</td> </tr> </tbody> </table>		Whole Authority	Social Services	Stage 1	88	79	Stage 2	18	22	Comments	311	70	Compliments	321	90	
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Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"> <li>▪ A separate report containing the Ombudsman's findings in relation to complaints about Monmouthshire County Council was reported separately to both Cabinet and Governance &amp; Audit Committee.</li> <li>▪ Consultation on budget proposals is extensive.</li> <li>▪ The Authority makes numerous annual returns to various external Governing Bodies, such as the Food Standards Agency, Drinking Water Inspectorate, Department for Levelling Up &amp; Communities, Department for Transport, Home Office, Gambling Commission, DEFRA, Health &amp; Safety Executive, General Registrar's Office, National Fraud Initiative and other government departments'. These allow the Council to self-assess and determine if any intervention is required within the services provided.</li> <li>▪ The Council looks to ensure that detailed and timely responses are made to both Welsh and UK Government consultations.</li> </ul>	
<p><b>Planning interventions</b></p>	<ul style="list-style-type: none"> <li>▪ Monthly Financial Monitoring meetings for each Directorate reviews progress and authorises corrective action where necessary</li> <li>▪ Medium Term Financial Plan</li> <li>▪ Annual budget setting process in place including consultation exercise</li> <li>▪ Financial procedure rules</li> <li>▪ Senior Management Structure</li> <li>▪ Corporate Plan produced and reviewed annually in accordance with Local Government and Elections Act 2021 and 'Wellbeing Objectives' in Wellbeing of Future Generations (Wales) Act 2015</li> <li>▪ Quarterly, six monthly &amp; annual Performance Monitoring Reports</li> <li>▪ Annual Self-Assessment Report</li> <li>▪ Public Service Board Well-being Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through: <ul style="list-style-type: none"> <li>○ A timetable for producing and reviewing plans on an annual basis.</li> <li>○ Working with a consultation and engagement strategy.</li> <li>○ Quarterly and annual performance monitoring including achievement of national and local performance indicators.</li> </ul> </li> <li>▪ There is robust Medium Term Financial Planning.</li> <li>▪ There is an annual budget setting process in place including an extensive consultation exercise.</li> <li>▪ Self-assessment report presented to Governance &amp; Audit Committee and Performance &amp; Overview Scrutiny Committee to review, scrutinise and make any recommendations for changes.</li> <li>▪ Self-assessment report agreed by Council and published in September 2025. The report provides an assessment of the Authority's performance during the year ending 31 March 2025, in line with requirements outlined in the Local Government and Elections (Wales) Act 2021.</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Public Service Board Well-being Plan annual report</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area.</li> <li>▪ Risk Management Policy and Guidance</li> <li>▪ Whole Authority Strategic Risk Register</li> <li>▪ Reports to Government Agencies</li> </ul>		
<b>Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>▪ Quarterly Financial Monitoring reports to Cabinet and scrutiny</li> <li>▪ Mid-Year Budget Statement to Cabinet</li> <li>▪ Medium Term Financial Plan</li> <li>▪ Budget consultation</li> <li>▪ Community &amp; Corporate Plan</li> <li>▪ Annual Self-Assessment Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council ensures the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities.</li> <li>▪ The achievement of the Community &amp; Corporate Plan is reviewed at least annually.</li> </ul>	

**Principle E — Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

6 Excellent	5 <b>Very Good</b>	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Developing the entity’s capacity</b>	<ul style="list-style-type: none"> <li>▪ Performance review for all staff where required by them or their line manager</li> <li>▪ People Strategy</li> <li>▪ Quarterly financial reports to Cabinet and Scrutiny Committees</li> <li>▪ Partnership &amp; collaborative working arrangements</li> <li>▪ Quarterly, six monthly &amp; annual Performance Monitoring Reports</li> <li>▪ Community &amp; Corporate Plan Annual Self-Assessment Report</li> <li>▪ Public Service Board Well-being Plan annual report</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area.</li> <li>▪ Thingi Learning Management System.</li> <li>▪ ResourceLink Recruitment System.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council’s recruitment procedures provide equality of employment opportunities. The equality-assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010. The Pay Policy is approved annually by Council and is available on the MCC website.</li> <li>▪ A new colleague performance development review was launched in 2025-26 and is being rolled out across the organisation</li> <li>▪ The Council’s People Strategy sets out clear objectives and actions to ensure the council has appropriate workforce arrangements in place. This includes a commitment to improve succession and workforce planning which was a recommendation of the Peer Panel Assessment conducted in February 2026.</li> <li>▪ Over the course of the 2025/26 year the Council considered and developed proposals to build on existing collaborative arrangements in place for the provision of technology services through the Shared Resource Service (SRS). In May 2025 Cabinet agreed to being the process for transitioning towards</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<p>a shared service model for digital and data in collaboration with Torfaen County Borough Council and Blaenau Gwent County Borough, as part of an expanded role for the SRS.</p> <ul style="list-style-type: none"> <li>▪ There is continued support for Members' development through briefing sessions and other learning opportunities.</li> <li>▪ Appropriate and relevant job descriptions were in place for the Chief Executive, Strategic Leadership Team (SLT), Monitoring Officer and S151 Officer. A new Chief Officer job evaluation scheme has been procured from the Local Government Association and is being implemented in the first half of 2026-27.</li> <li>▪ The Council ensures that it has appropriate governance arrangements around its collaborations with other public agencies and other third parties. These can take a range of forms, from informal arrangements to those where governance arrangements are determined through legislation. The governance arrangements form a key part of the decision making processes that the Cabinet or Council follow when deciding to enter a collaborative arrangement, transparent local accountability is a key area of focus.</li> <li>▪ A review of the Council's Senior Pay structure concluded at a meeting of Full Council in April 2025. Following this, a separate report from the Chief Executive was approved by the Council in June 2025 reviewing the Shape and Leadership Structure of Monmouthshire County Council. The new leadership structure was implemented during the year and is now fully in operation.</li> <li>▪ The Thinqi Learning Management System continues to be developed with mandatory training in place.</li> </ul>	
<p><b>Developing the capability of the entity's leadership and other individuals</b></p>	<ul style="list-style-type: none"> <li>▪ Member/Officer Protocol in Constitution</li> <li>▪ Scheme of Delegation published in Constitution</li> <li>▪ Scrutiny member development programme</li> <li>▪ Occupational Health and Wellbeing Policy exists with aim of promoting the health and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>▪ There has been member led training with both senior officers and cabinet members.</li> <li>▪ There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Executive, SLT and Heads of Service.</li> <li>▪ The Constitution sets out the Scheme of Delegation which is regularly reviewed.</li> <li>▪ The Councils new Performance &amp; Development Review process was launched for all Officers. This will be further rolled out and monitored during the 2026/27 year.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue implementation of the new Performance and Development Review process and use feedback to improve consistency, coverage and reporting.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<p>of all employees to enable them to achieve their full potential at work</p> <ul style="list-style-type: none"> <li>▪ Internal and external audit reports and action plans</li> </ul>		

**Principle F — Managing risks and performance through robust internal control and strong public financial management**

6 Excellent	5 <b>Very Good</b>	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will ensure financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Managing Risk</b>	<ul style="list-style-type: none"> <li>▪ Strategic Risk Management Policy and Guidance</li> <li>▪ Whole Authority Strategic Risk Register</li> <li>▪ Directorate risk registers</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area, including service risk registers</li> <li>▪ Strategic Risk Register reported to Governance &amp; Audit Committee, Performance &amp; Overview Scrutiny Committee and Cabinet</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council's Strategic Risk Management Policy was reviewed, updated and approved by Cabinet in June 2024. The policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing high level strategic risks to the Council's priorities, services and major projects. The risk controls necessary to manage them are identified and monitored to ensure risk mitigation.</li> <li>▪ Within the Council the purpose of risk management is to:                             <ul style="list-style-type: none"> <li>○ preserve and protect the Council's assets, reputation and staff.</li> <li>○ aid good management of risk and support whole authority governance.</li> <li>○ aid delivery of its population outcomes internally and when working with partners.</li> <li>○ improve business performance and anticipated risks in delivering improvements.</li> <li>○ avoid unnecessary liabilities, costs and failures.</li> </ul> </li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"> <li>o shape procedures and responsibilities for implementation.</li> <li>▪ Risk Management Policy and Guidance</li> <li>▪ The strategic risk assessment ensures that: <ul style="list-style-type: none"> <li>o Strategic risks are identified and monitored by Monmouthshire.</li> <li>o Risk controls are appropriate and proportionate.</li> <li>o Senior managers and elected members systematically review the strategic risks facing the Council.</li> </ul> </li> <li>▪ The risk assessment is prepared by drawing on a wide range of evidence including directorate risk registers, service plans, performance measures, regulatory reports, progress on the previous risk assessment and the views of Scrutiny and Governance &amp; Audit Committees. In order to mitigate the risks, proposed actions are recorded and also aligned back into the respective Service Business Plan. The risk assessment is a living document and is updated over the course of the year as new information comes to light.</li> <li>▪ The strategic risk assessment was presented as additional business to the Performance &amp; Overview Scrutiny Committee in January 2026. They had the opportunity to scrutinise the risk assessment and email any questions to responsibility holders to ensure that strategic risks have been appropriately identified and risk is being appropriately managed. An overview of the strategic risk register was also presented to Governance and Audit Committee in November 2025 to fulfil the committee's role of assessing the effectiveness of the authority's risk management arrangements.</li> <li>▪ The Council's Strategic Risk Assessment for 2025/26 contained 15 risks. Following mitigation there were 7 medium risks and 8 high risks.</li> </ul>	
<b>Managing performance</b>	<ul style="list-style-type: none"> <li>▪ Community &amp; Corporate Plan produced and reviewed annually</li> <li>▪ Corporate Plan Annual Self-Assessment Report</li> <li>▪ Panel Performance Assessment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Audit Wales presented the Councils ISA260 report for 2024/25 to the Governance &amp; Audit Committee in October 2025.</li> <li>▪ The Councils Self-Assessment report 2024/25 was completed in line with requirements outlined in the Local Government and Elections (Wales) Act 2021 to ensure that members and the public had a clear and transparent assessment of the Council's performance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop a performance management training suite.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area.</li> <li>▪ Quarterly, six monthly &amp; annual Performance Monitoring Reports</li> <li>▪ Director of Social Services Annual report</li> <li>▪ Chief Officer Children &amp; Young People Annual Report</li> <li>▪ Scrutiny function</li> <li>▪ Bi-monthly Directorate and Financial monitoring meetings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community and Corporate Plan Performance update 2025/26 reported to scrutiny and Cabinet in December 2025. They had the opportunity to scrutinise the council's performance during the first six months of 2025/26.</li> <li>▪ A Panel Performance Assessment was undertaken in February 2026 in line with the Local Government and Elections (Wales) Act 2021 and reported to Cabinet in May 2026. The assessment provided an important external perspective on how effectively the Council manages and reports performance, uses evidence and insight, and identifies opportunities for improvement. Its findings will be used alongside the Council's self-assessment, performance reporting and scrutiny arrangements to strengthen outcome focus and support delivery of improvement activity during 2026/27.</li> <li>▪ The Authority makes numerous annual returns to various external Governing Bodies and Government Agencies, such as the Food Standards Agency, Drinking Water Inspectorate, Department for Levelling Up &amp; Communities, Department for Transport, Home Office, Gambling Commission, DEFRA, Health &amp; Safety Executive, General Registrar's Office, National Fraud Initiative and other government departments'.</li> </ul>	
<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>▪ Governance &amp; Audit Committee provides assurance on effectiveness on internal control, risk management and governance</li> <li>▪ Governance &amp; Audit Committee Annual Report to Council</li> <li>▪ Anti-Fraud, Bribery and Corruption Policy</li> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements</li> <li>▪ Role of Internal Audit Section</li> <li>▪ Annual Plans approved by Governance &amp; Audit Committee</li> <li>▪ Annual Reports to Governance &amp; Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Governance &amp; Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The Governance &amp; Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Governance &amp; Audit Committee has an independent, non-political, Chairperson who prepares an annual report of the work of the Governance &amp; Audit Committee.</li> <li>▪ Internal Audit operate to the standards set out in the Global Internal Audit Standards (GIAS) and the Code of Practice for</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to implement the Global Internal Audit Standards, including embedding the revised methodology and completing actions arising from the internal self-assessment.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Annual Governance Statement</li> <li>▪ Governance Working Group</li> </ul>	<p>the Governance of Internal Audit in UK Public Sector which came into effect in April 2025.</p> <ul style="list-style-type: none"> <li>▪ The Internal Audit team's role and status is set out in the Council's Internal Audit Charter which has been updated to reflect the GIAS. This along with an Internal Audit Strategy and Mandate was considered and approved by the Governance &amp; Audit Committee in June 2025. The Internal Audit Strategy was further updated to reflect a new planning methodology which was approved by the Governance &amp; Audit Committee in February 2026 ahead of the 2026/27 financial year.</li> <li>▪ The Chief Internal Auditor reports a summary of audit findings to the Governance &amp; Audit Committee each quarter; he also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment through his Internal Audit Annual Report.</li> <li>▪ The Chief Internal Auditor continues to ensure Internal Audit complies with the GIAS. A self-assessment was undertaken during 2024/25 to assess compliance with the previous Public Sector Internal Audit Standards which was validated as 'generally compliant' in March 2024 by an external assessor. A self-assessment of the GIAS has been completed with a similar outcome and the Chief Internal Auditor is working to implement new requirements brought about by the changing of the requirements.</li> <li>▪ The Council has an objective and professional relationship with its external auditors and statutory inspectors. It manages its information resource through strategies and policies to enable effective decision making which is managed via the Information Strategy and action plan.</li> <li>▪ The Anti-Fraud, Bribery and Corruption Strategy was approved by Cabinet January 2024 and provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. Mandatory training was launched to all staff in January 2025 and continued to be monitored throughout the year.</li> <li>▪ The overall opinion on the adequacy of the internal control environment for 2025/26 was <b>Reasonable Assurance</b>. Management agreed to implement the recommendations made</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement																								
		<p>in audit reports in order to address the weaknesses identified. The Internal Audit opinions issued in 2024/25 were;</p> <table border="1" data-bbox="817 368 1512 555"> <thead> <tr> <th>Opinion</th> <th>2023-24</th> <th>2024-25</th> <th>2025-26</th> </tr> </thead> <tbody> <tr> <td>Substantial Assurance</td> <td>8</td> <td>3</td> <td>7</td> </tr> <tr> <td>Reasonable Assurance</td> <td>18</td> <td>21</td> <td>17</td> </tr> <tr> <td>Limited Assurance</td> <td>8</td> <td>9</td> <td>6</td> </tr> <tr> <td>No Assurance</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td><b>Total</b></td> <td><b>34</b></td> <td><b>33</b></td> <td><b>31</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>▪ The reasons why the outcome of an audit review was deemed to provide Limited or No Assurance was included within quarterly reports to the Governance &amp; Audit Committee; assurances have been sought from respective operational managers that action will be taken to make the necessary improvements in control.</li> <li>▪ The Chief Internal Auditor's overall audit opinion is based on the number of audits undertaken and their individual opinions; he was able to give an overall opinion on the adequacy of the control environment. The 2025/26 audit opinion was supported by the knowledge that there were appropriate governance, risk management and internal control assurances in place in previous years, with no significant changes.</li> </ul>	Opinion	2023-24	2024-25	2025-26	Substantial Assurance	8	3	7	Reasonable Assurance	18	21	17	Limited Assurance	8	9	6	No Assurance	0	0	1	<b>Total</b>	<b>34</b>	<b>33</b>	<b>31</b>	
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<b>Total</b>	<b>34</b>	<b>33</b>	<b>31</b>																								
<b>Managing data</b>	<ul style="list-style-type: none"> <li>▪ We have established an Information Security &amp; Technology Team across the organisation, including education</li> <li>▪ The MCC hosted cyber security team has been amalgamated with the SRS security team to provide a comprehensive and resilient security service. The same team provides a cyber audit function of our ICT infrastructure and governance arrangements</li> <li>▪ The Information Governance Group with participants from each directorate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Our comprehensive governance and security arrangements for data and information have enabled us to gain accreditation in industry standards for cyber security.</li> <li>▪ Cyber security arrangements cover cultural, physical and electronic barriers to data access and misuse.</li> <li>▪ Information governance is maintained through policies, guidelines, and training that are reported and disseminated via the Information Governance Group, headed up by the SIRO and with departmental representatives. Performance is reported to the Governance &amp; Audit Committee, and this year our performance targets have been exceeded.</li> <li>▪ Privacy notices are published online and have been updated through the year.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further embed governance arrangements for information, cyber security and emerging technologies, including finalisation of the AI policy and associated guidance.</li> </ul>																								

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ A Senior Information Risk Officer (SIRO) is in place</li> <li>▪ Mandatory training in GDPR and Cyber Security, alongside comprehensive guidance and policies for all aspects of data management</li> <li>▪ Information Asset Register</li> <li>▪ Information sharing &amp; publication guidance in place</li> <li>▪ A comprehensive EDRMS is in place</li> <li>▪ A systems administrator network is in place</li> <li>▪ Annual National and Local performance Indicator data collection process and internal audit arrangements</li> <li>▪ An AI policy for staff is in draft format</li> </ul>	<ul style="list-style-type: none"> <li>▪ Schedules are maintained of all MCC information 'line of business' systems to ensure they are fit for purpose and upgraded/replaced as needed.</li> <li>▪ Networks and forums are in place to work with the South East Wales Information Forum (SWIF) and WARP (Warning Advice and Security Point) and the NCSC (National Cyber Security Centre).</li> <li>▪ Data arrangements are audited by Audit Wales and performance reported through the Governance &amp; Audit Committee.</li> <li>▪ The ICT service, the SRS, are audited by the host organisation Torfaen County Borough Council, and all audits are reported through the SRS governance structures.</li> <li>▪ The systems administrator network provides comprehensive training in procurement, Data management, business case development, Business continuity planning, future horizon scanning, change management, cyber security planning which enables our systems administrators to safeguard line-of-business systems information.</li> </ul>	
<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>▪ Financial procedure rules in Constitution</li> <li>▪ Contract procedure rules in Constitution</li> <li>▪ Accounting Instructions on Intranet</li> <li>▪ Spending Restrictions document on Intranet</li> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan.</li> <li>▪ In June 2023, the Council's Socially Responsible Procurement Strategy 2023-28 was approved by Cabinet. In July 2021 Cabinet approved the collaboration with Cardiff Council, for mutual benefit, the discharge and provision of the Council's Strategic Procurement services.</li> <li>▪ The Procurement Act 2023 became applicable from February 2025 and the Councils Contract Procedure Rules were updated accordingly and approved by the County Council in March 2025. Training with regards to the Procurement Act and revised Contract Procedure Rules is available to all staff via Thinqi.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthen budget management and procurement compliance along with officer capability through targeted training, improved guidance, digital support and enhanced performance oversight.</li> <li>▪ Undertake a self-assessment against CIPFA's Financial Management Code.</li> </ul>

**Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

6 Excellent	5 <b>Very Good</b>	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>▪ Report writing template and guidance</li> <li>▪ Integrated Impact Assessment including Future Generations evaluation and Equality Impact Assessment, on decision reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:-                             <ul style="list-style-type: none"> <li>▪ A Report Authors Protocol which ensures consistency in reports.</li> <li>▪ A Clear Writing guide for Officers.</li> <li>▪ All reports are signed off by Chief Officers, S151 Officer and Monitoring Officer prior to publication.</li> <li>▪ Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report.</li> <li>▪ Publication of delegated decisions.</li> <li>▪ Reports are published on the website</li> </ul> </li> </ul>	
<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>▪ Annual Statement of Accounts audited by an external auditor and approved by Council</li> <li>▪ Code of Corporate Governance based on CIPFA/SOLACE Framework 2016</li> <li>▪ Annual Governance Statement</li> <li>▪ Corporate Plan Annual Self-Assessment Report</li> <li>▪ Service Business Plans produced annually and reviewed quarterly by each service area</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance &amp; Audit Committee before being endorsed by Council. All public meetings of the Council, including Council, Cabinet, Select, Governance &amp; Audit Committee, Planning Committee are live streamed on YouTube and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.</li> </ul>	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> <li>▪ Audit Wales Review into MCC Counter-fraud Arrangements</li> <li>▪ Quarterly budget monitoring and Medium Term Finance Plan (MTFP) reports to Cabinet.</li> </ul>		
<p><b>Assurance and effective accountability</b></p>	<ul style="list-style-type: none"> <li>▪ External Audit provided by Audit Wales</li> <li>▪ ESTYN reviews &amp; reports</li> <li>▪ Care Inspectorate Wales reviews &amp; reports</li> <li>▪ Performance of Internal Audit Section monitored by Governance &amp; Audit Committee</li> <li>▪ Implementation of Audit Wales and Internal Audit recommendations monitored by Governance &amp; Audit Committee</li> <li>▪ Peer Review, Corporate Assessment and Corporate Governance Review action plan monitored by SLT</li> <li>▪ Annual Governance Statement</li> <li>▪ Enabling strategy framework</li> <li>▪ Health &amp; Safety Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council's enabling strategies have been revised to align to the delivery of the Community and Corporate Plan, these include the Digital and Data Strategy, People Strategy, Asset Management Strategy, Medium-term Financial Strategy and Socially Responsible Procurement Strategy as well as linking in with Service Business Plans.</li> <li>▪ The Governance &amp; Audit Committee continues to support the Internal Audit team and endorses its annual report and plan. The plan details the work and service areas the team will cover based on a risk assessment in order to provide assurance on the adequacy of the internal controls, governance arrangements and risk management process. The Governance &amp; Audit Committee presents its Annual report to Council.</li> <li>▪ The Whole Authority Report: Complaints, Comments and Compliments 2024/25 was presented to Governance &amp; Audit Committee in November 2025 which identified the number and types of feedback, received and dealt with, from 1 April 2024 until 31 March 2025.</li> <li>▪ Reports and plans to implement Audit Wales and Internal Audit recommendations are reported (as relevant) to Scrutiny and the Governance &amp; Audit Committee.</li> <li>▪ All agreed recommendation and actions from Internal Audit reviews are monitored.</li> <li>▪ The Council takes note of all reports issued by External Regulators such as Audit Wales, ESTYN and Care Inspectorate Wales. Action plans are agreed and followed up. During 2025/26, the Council also received a positive Estyn inspection outcome for its education services, which provided external assurance on leadership, safeguarding, collaboration and improvement arrangements, while also identifying the need to strengthen the consistency and precision of evaluation to support continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use the findings from the recent Estyn inspection and self-assessment activity to strengthen the consistency and precision of evaluation and impact reporting across services.</li> </ul>

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"> <li>▪ The Council's first Annual Health and Safety Report (for 2024/25) was considered by the Governance &amp; Audit Committee prior to being approved by the Cabinet Member for Resources.</li> </ul>	

**Progress against the Action Plan (Previous Year 2024/25)**

No	Area for Improvement	Current Status
1.	Review the Council's Code of Corporate Governance against new CIPFA guidance and seek approval from SLT and Members. (Principle A)	<p><b>Partially Implemented</b></p> <p>The Code of Corporate Governance was reviewed against the new CIPFA guidance by the Chief Internal Auditor. The amended Code was then considered and endorsed by SLT (March 2026) and the Governance &amp; Audit Committee (April 2026). The document is included within the work programme to be approved by Full Council at its meeting in June 2026. Following this, the document will be communicated to all Members and officers of the Council.</p>
2.	Review the Corporate Induction process to ensure the key messages are being delivered. (Principle A)	<p><b>Implemented</b></p> <p>The Corporate Induction process was reviewed and redesigned to ensure organisational culture and key messaging are fully aligned to the council's core values and priorities. The revised approach now includes key strategic messages delivered directly by the Chief Executive and the Leader of the Council, reinforcing expectations from the outset of employment.</p> <p>The induction programme was restructured to include dedicated sessions delivered by key service leads providing new starters with a broader understanding of corporate responsibilities and available support. This revised approach has strengthened the consistency and visibility of key messages.</p>
3.	Deliver the action plan to address the recommendations from the Audit Wales Counter-fraud Arrangements review. (Principle A)	<p><b>Implemented</b></p> <p>Action has taken place to address both of the recommendations from the report.</p>
4.	Continue to review all HR policies including the Employee Code of Conduct and Whistleblowing Policy. (Principle A)	<p><b>Partially Implemented</b></p> <p>The majority of HR policies and guidance documents have been reviewed, approved and published, including consultation with trade unions. These are now published in a new format which makes them more accessible to front line colleagues.</p>
5.	The use of the Committee Forward Work Planner will be strengthened to ensure decision making reports are included on it at the earliest opportunity to support improved democratic work planning. (Principle B)	<p><b>Ongoing</b></p> <p>Improvements to the Forward Planner for Council, Cabinet and Individual Member decisions have improved this</p>

No	Area for Improvement	Current Status
		process, and combined with oversight from scrutiny chairs, have contributed to stronger forward work plans for scrutiny committee forward work plans.
6.	Implement the revised senior management structure for the Council. (Principle E)	<p><b>Implemented</b></p> <p>The revised senior management structure was approved by the County Council and has been implemented.</p>
7.	Use feedback from the implementation of the TalentLink Recruitment System to identify improvements to enhance the user experience.	<p><b>Ongoing</b></p> <p>A number of changes have been made to the TalentLink recruitment system in response to feedback from recruiting managers and candidates. Some issues remain and will continue to be addressed as they are identified.</p>
8.	Roll out of a new performance appraisal system across the organisation. (Principle E)	<p><b>Partially Implemented</b></p> <p>The new performance appraisal approach, now titled Performance Development Reviews, has been designed, tested and launched. It's accompanied by training sessions for managers and colleagues.</p>
9.	Continue to implement the Global Internal Audit Standards and complete a self-assessment of compliance. (Principle F)	<p><b>Ongoing</b></p> <p>The IA team continue to implement the requirements of the GIAS. The Internal Audit Strategy was updated and approved by the Governance &amp; Audit Committee in February 2026 to reflect changes to the planning methodology. A self-assessment has also been completed.</p>
10.	To further raise awareness of the importance of compliance with revised Contract Procedure Rules and the Procurement Act 2023. (Principle F)	<p><b>Partially Implemented</b></p> <p>An internal procurement network has been established of procuring officers, to raise awareness of compliance issues and to offer regular updates and training opportunities.</p> <p>As part of the new legislation, a Contract Register must be published to ensure transparency. Whilst a Contract Register exists it is not as extensive as needed therefore the Strategic Procurement Lead will be working with SLT and their Directorates to increase entries and subsequently visibility of procurement activities and also the Contract Forward Plan.</p> <p>The Ardal website has been revised and updated to provide the latest information on the Procurement Act 2023 to aid procuring officers in their</p>

No	Area for Improvement	Current Status
		<p>understanding of the Act's requirements.</p> <p>Contract Management Training has been rolled out council-wide, to ensure that Contracts are being managed in line with the Invitation to Tender documentation and the Council is gaining maximum value from contracts. Local Partnerships have delivered Two online training sessions.</p>

#### Action Plan – 2026/27 Improvement Actions from the 2025/26 Annual Governance Statement

No	Area for Improvement	By Who	By When
1.	Complete the remaining review and update of key HR governance policies, including the Employee Code of Conduct and Whistleblowing Policy, refresh supporting guidance where required, and ensure that the updated policies and guidance are easy to access. (Principle A)	Chief Officer – People, Performance & Partnerships	March 2027
2.	Embed the revised Code of Corporate Governance across the organisation following formal approval, including communication, awareness raising and alignment to governance documentation. (Principles A and G)	Chief Internal Auditor	December 2026
3.	Continue to strengthen democratic planning and transparency through earlier inclusion of reports in the Committee Forward Work Planner and improved coordination between decision making and scrutiny work programmes. (Principle B)	Chief Officer – Law & Governance	March 2027
4.	Further embed a consistent and strategic approach to engagement with residents, communities and partners through Let's Talk Monmouthshire and associated engagement standards. (Principle B)	Head of Customer, Communication and Engagement	March 2027
5.	Continue implementation of the new Performance and Development Review process and use feedback to improve consistency, coverage and reporting. (Principle E)	Chief Officer – People, Performance & Partnerships	March 2027
6.	Develop a performance management training suite. (Principle F)	Chief Officer – People, Performance & Partnerships	March 2027
7.	Continue to implement the Global Internal Audit Standards, including embedding the revised methodology and completing actions arising from the internal self-assessment. (Principle F)	Chief Internal Auditor	March 2027
8.	Further embed governance arrangements for information, cyber security and emerging technologies, including finalisation of the AI policy and associated guidance. (Principles F and G)	Deputy Chief Executive & Strategic Director – Resources	December 2026
9.	Strengthen budget management and procurement compliance along with officer capability through targeted training, improved guidance, digital support and enhanced performance oversight. (Principle F)	Deputy Chief Executive & Strategic Director – Resources	March 2027
10.	Undertake a self-assessment against CIPFA's Financial Management Code. (Principle F)	Deputy Chief Executive &	March 2027

No	Area for Improvement	By Who	By When
		Strategic Director – Resources	
11.	Use the findings from the recent Estyn inspection and self-assessment activity to strengthen the consistency and precision of evaluation and impact reporting across services. (Principle G)	Strategic Director – Children, Young People, Skills & Economy	March 2027

### Monitoring & Evaluation

During 2026/27, the Council will continue to monitor the effectiveness of its governance arrangements and the delivery of the improvement actions set out in this Statement. Progress against the Action Plan will be overseen through the Council's established governance processes, including review by relevant senior officers, Strategic Leadership Team and the Governance & Audit Committee, to ensure that actions are implemented in a timely way and that any slippage, emerging risks or changing priorities are identified and addressed. This ongoing monitoring will also inform the next annual review of governance and the preparation of the 2026/27 Annual Governance Statement.

In doing so, the Council will keep under review whether its governance framework remains sufficiently resilient and responsive to the changing environment in which it operates. Particular attention will be given to the continuing financial challenges reflected in the Medium Term Financial Plan, organisational capacity and workforce development, the embedding of the revised Code of Corporate Governance, democratic planning and transparency, the maturity of engagement and self-assessment arrangements, procurement compliance, and the governance implications of digital, cyber, data and emerging technologies. The Council will also continue to reflect on lessons arising from significant events, partnership working, regulatory findings and internal assurance work so that governance arrangements evolve in a planned and proportionate way to support the achievement of its objectives and statutory responsibilities.

### Certification by the Leader of the Council and the Chief Executive

Signed:

Date:

**Councillor Mary Ann Brocklesby, Leader of Monmouthshire County Council**

Signed:

Date:

**Paul Matthews, Chief Executive**

## 18 STATEMENT OF ACCOUNTING POLICIES

### 18.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its financial position as at 31st March 2026.

The Authority is required to prepare an annual Statement of Accounts under the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices.

These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice (SeRCOP).

The Statement of Accounts has been prepared on a going concern basis. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Unless otherwise stated, amounts are rounded to the nearest thousand pounds. Totals are the rounded totals of unrounded figures and may therefore not be the strict sum of the figures presented. Throughout the statements, credit balances are shown in parentheses, for example (£1,000).

### 18.2 Accounting Standards Issued but Not Yet Adopted

There are no new standards or amendments to existing standards that have been issued but not yet adopted by the Code and which are expected to have a material impact on the Authority's financial statements.

### 18.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates, and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or more relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively unless otherwise stated, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 18.4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in this note, the Authority has made the following critical judgements about complex transactions and those involving uncertainty about future events:

- The Authority has assessed its PFI and similar arrangements and determined that it controls the services provided under those arrangements and the associated residual interest in the assets. Accordingly, the related assets are recognised as Property, Plant and Equipment in the Balance Sheet
- Council Tax Reduction Scheme expenditure is presented gross within the Cost of Services segment of the Comprehensive Income and Expenditure Statement rather than being netted against Council Tax income within Taxation and Non-Specific Grant Income. This reflects the Authority's judgement that taxation income should be presented gross and not reduced by expenditure delivered through the taxation system.

## 18.5 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 Authority about the future or that are otherwise uncertain. Estimates are made taking account of historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below:

- Property, Plant and Equipment – assets are revalued on a rolling basis and reviewed annually for indicators of impairment. Given the time between formal valuations and recent construction cost inflation, there is estimation uncertainty in reported carrying values. This is mitigated through annual desk-based reviews and indexation where appropriate.
- Depreciation of Property, Plant and Equipment – depreciation is based on estimated useful lives, which are affected by assumptions about future repairs, maintenance and asset usage. If useful lives reduce, depreciation charges will increase and carrying values will fall.
- Pension Liability – estimation of the net liability to pay pensions depends on complex actuarial assumptions, including the discount rate, inflation, salary growth, mortality and commutation rates. Further information, including sensitivity analysis, is provided in Note 14.

Current actuarial valuations do not include any additional allowance relating to the Virgin Media ruling due to uncertainty regarding its applicability to the Local Government Pension Scheme.

- Provisions – insurance claim provisions are based on information from insurers and professional assessment of the likelihood and value of settlement. The final outcome of claims remains uncertain until cases are concluded.
- Arrears – impairment allowances for debtors are based on historic collection experience and expected credit loss assumptions. Actual collections may differ from estimates, particularly in periods of economic uncertainty.

## 18.6 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received, including services provided by employees, are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for using the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and an impairment charge made to revenue.
- A discretionary de minimis level of £1,000 is applied to accruals of income and expenditure, except for automatically generated system accruals or those required to ensure the accuracy of grant claims or agency arrangements.

## **18.7 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the next banking day. Cash equivalents are investments that are readily convertible on the next banking day to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

## **18.8 Events after the Balance Sheet date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where the event would have a material effect, disclosure is made of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **18.9 Exceptional Items**

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes, depending on how significant the items are to an understanding of the Authority's financial performance.

## **18.10 Expenditure and Income Where the Authority Is Acting as an Agent**

Welsh Government, UK Government and other public bodies may from time to time use local authorities as intermediaries to distribute funding to individuals, households or businesses. Where the Authority is acting solely as an agent, the related income and expenditure are excluded from the Comprehensive Income and Expenditure Statement.

Material agency arrangements are disclosed separately in the notes to the accounts. Cash flows relating to such arrangements are also excluded where the Authority is acting solely as agent.

## **18.11 VAT**

The Comprehensive Income and Expenditure Statement excludes amounts relating to VAT, except where VAT is irrecoverable from HM Revenue and Customs. VAT receivable is excluded from income.

## **18.12 Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or that future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line for attributable revenue grants and contributions, or to Taxation and Non-Specific Grant Income for non-ringfenced revenue grants and all capital grants, within the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to Capital Grants Receipts in Advance. Where it has been applied, it is posted to the Capital Adjustment Account.

### **18.13 Revenue Expenditure Funded from Capital Under Statute**

Legislation permits certain items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure for statutory purposes. All such expenditure is transferred from the Council Fund Balance via the Movement in Reserves Statement to the Capital Adjustment Account.

### **18.14 Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, calculated on a prudent basis in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by a Minimum Revenue Provision (MRP) in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

### **18.15 Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and the reserve is then appropriated back into the Council Fund Balance through the Movement in Reserves Statement so that there is no net charge against council tax.

Certain reserves are maintained to manage accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

### **18.16 Employee Benefits Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include wages and salaries, paid annual leave and paid sick leave for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority.

A creditor is recognised for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end that can be carried forward into the next financial year. The charge to the Surplus or Deficit on the Provision of Services is reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, rather than the amount calculated according to the relevant accounting standards.

### **Post-Employment Benefits**

Employees of the Authority are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered on behalf of the Department for Education; and
- the Local Government Pension Scheme, administered by Torfaen County Borough Council.

Both schemes provide defined retirement benefits to members based on length of service and pensionable earnings.

The Teachers' Pension Scheme is accounted for as if it were a defined contribution scheme because the liabilities for future payments cannot be identified specifically to the Authority. No liability for future payment of benefits is recognised in the Balance Sheet. The relevant service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the scheme in the year.

The Local Government Pension Scheme is accounted for as a defined benefit scheme. The liabilities attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted using a discount rate derived from high quality corporate bond yields. The assets attributable to the Authority are included in the Balance Sheet at fair value as determined by the Fund's actuary.

In relation to retirement benefits, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, rather than the amount calculated in accordance with accounting standards. Appropriations to and from the Pensions Reserve are therefore made through the Movement in Reserves Statement to replace accounting charges with the cash paid and any amounts payable but unpaid at the year-end.

### **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Further information on the Authority's pension arrangements is provided in Note 14.

Financial instruments are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of the instrument. They are classified based on the Authority's business model for holding them and their contractual cash flow characteristics.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For borrowing, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest, where applicable. Annual charges to Financing and Investment Income and Expenditure are based on the carrying amount of the liability multiplied by the effective interest rate for the instrument.

### **Financial Assets**

Financial assets are measured at amortised cost where contractual cash flows are solely payments of principal and interest and the Authority's business model is to hold the assets in order to collect those cash flows. This category includes the majority of treasury investments, trade receivables arising from contractual arrangements and lease receivables. Council Tax debtors and grant receivables are excluded as they arise from non-exchange transactions.

Financial assets held at amortised cost are shown net of a loss allowance reflecting expected credit losses. For most financial assets, 12-month expected credit losses are recognised unless credit risk has increased significantly, in which case lifetime expected losses are recognised. Lifetime expected losses are always used for trade receivables.

Financial assets are measured at fair value through other comprehensive income where contractual cash flows are solely payments of principal and interest and the Authority's business model is both to collect those cash flows and to sell the instrument. The Authority does not currently hold any such investments.

The Code also permits the Authority to elect to present changes in the fair value of strategic equity investments through Other Comprehensive Income and Expenditure. All other financial assets are measured at fair value through Surplus or Deficit on the Provision of Services.

## **18.18 Fair Value Measurement**

The Authority measures certain assets and financial instruments at fair value at each reporting date, including investment properties, surplus assets, assets held for sale and financial assets classified at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Authority uses appropriate valuation techniques for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period.

## **18.19 Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used for more than one financial year, are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis where it is probable that future economic benefits or service potential will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential is charged as an expense when incurred.

Expenditure outside the capital programme is not capitalised where it falls below the Authority's de minimis limit of £10,000.

### **Measurement**

Assets are initially measured at cost, comprising the purchase price, directly attributable costs of bringing the asset into working condition and, where relevant, the initial estimate of dismantling and restoration costs. Borrowing costs incurred whilst assets are under construction are not capitalised.

Donated assets are measured initially at fair value. Where the donation is unconditional, the gain is credited to Taxation and Non-Specific Grant Income. Conditional donations are held as liabilities until conditions are satisfied.

After initial recognition, assets are carried using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- other operational assets – current value, determined as existing use value (EUV) where there is an active market, or depreciated replacement cost (DRC) where there is no market-based evidence because of the specialist nature of the asset; and
- surplus and other non-operational assets – fair value.

Where non-property assets have short useful lives or low values, depreciated historical cost is used as a proxy for current value. Vehicles, plant and equipment are treated in this way.

Assets measured at current value are formally revalued every five years. In the intervening years, where appropriate and material, the Authority applies suitable published indices to relevant classes of assets to ensure that carrying amounts do not differ materially from current value at the reporting date. Assets carried at depreciated historical cost as a proxy for current value are not subject to annual indexation.

The selection of indices is based on the valuation methodology and nature of the underlying assets and is intended to provide a reasonable estimate of movements in current value between formal valuations.

### **Impairment**

Assets are assessed at each year-end for any indication of impairment. Where indicators exist and any possible difference is estimated to be material, the recoverable amount is estimated and an impairment loss is recognised where recoverable amount is lower than carrying amount.

Impairment and revaluation decreases are first written against any balance for the asset in the Revaluation Reserve, with any excess charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. No depreciation is charged on freehold land, community assets or assets under construction.

Depreciation is generally calculated on a straight-line basis over the estimated useful life of the asset. Infrastructure assets are depreciated over standard lives set for the relevant asset class and reviewed annually.

No depreciation is charged in the year of acquisition. A full year charge is applied in the year of disposal.

An amount equal to the difference between current value depreciation and the depreciation that would have been chargeable based on historical cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Components**

Where an item of Property, Plant and Equipment comprises significant components with materially different useful lives, each component is depreciated separately over its own useful life. When a component is replaced, the carrying amount of the old component is derecognised and the new component is capitalised.

### **Disposals and Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through sale rather than continuing use, it is reclassified as an asset held for sale. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated.

When an asset is disposed of, the carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. Disposal receipts are credited to the same line. Any balance for the asset in the Revaluation Reserve is transferred to the Capital Adjustment Account.

Receipts from disposals in excess of £10,000 are treated as capital receipts and credited to the Capital Receipts Reserve. The written-off value of disposals is appropriated to the Capital Adjustment Account through the Movement in Reserves Statement so that there is no impact on council tax.

## **18.20 Heritage Assets**

Heritage assets are assets that are held principally for their contribution to knowledge or culture. They are recognised and measured in accordance with the Authority's accounting policy on Property, Plant and Equipment, subject to the specific provisions of the Code for heritage assets.

The Authority does not seek valuations for heritage assets where the cost of obtaining valuation information would be disproportionate to the benefits to users of the financial statements. A de minimis limit of £10,000 applies to heritage assets.

The Authority considers that its heritage assets generally have indeterminate lives and high residual values and therefore does not charge depreciation on them. Their carrying amounts are reviewed where there is evidence of impairment.

## **18.21 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Authority as a result of past events, is capitalised where it is expected to generate future economic benefits or service potential for more than one financial year.

Intangible assets are measured initially at cost and are subsequently carried at amortised cost. In practice, no intangible asset held by the Authority is revalued because there is no active market for such assets.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. Any impairment loss or gain or loss on disposal is also recognised in the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement where statutory accounting requires.

## **18.22 Investment Property**

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value, based on market conditions at the year-end. Investment properties are not depreciated.

Revaluation gains and losses and any rental income or directly attributable expenditure are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Unrealised gains and losses are reversed through the Movement in Reserves Statement to the Capital Adjustment Account so that they do not impact the Council Fund Balance.

### **18.23 Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the latest price paid, with an allowance for obsolete and slow-moving items. This is a departure from the Code requirement to value inventories at the lower of cost and net realisable value, but the effect is not considered material.

Long-term contracts are accounted for by charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### **18.24 Leases**

The Authority adopted IFRS 16 Leases with effect from 1 April 2024. The Authority assesses whether a contract, or part of a contract, conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Code also applies IFRS 16 to arrangements with nil, nominal or peppercorn payments.

#### **The Authority as Lessee**

Leases are recognised as right-of-use assets with corresponding lease liabilities from the date the asset becomes available for use, subject to the low value and short-term lease exemptions permitted by the Code.

Lease liabilities are initially measured at the present value of lease payments discounted using the Authority's incremental borrowing rate where the interest rate implicit in the lease cannot be readily determined. Right-of-use assets are initially measured at the amount of the lease liability, adjusted for lease prepayments, incentives and any directly attributable costs, except that peppercorn leases are measured at fair value.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Lease liabilities are remeasured where lease payments change as a result of changes in an index or rate. Right-of-use assets are adjusted accordingly and, where applicable, subsequently measured in accordance with the Code.

The Authority applies the low value exemption for leased items costing less than £10,000 when new and the short-term lease exemption for leases with a term of 12 months or less.

#### **The Authority as Lessor – Finance Leases**

Where the Authority grants a finance lease, the carrying amount of the asset is written out of the Balance Sheet as a disposal and a long-term debtor is recognised for the Authority's net investment in the lease. Lease rentals receivable are apportioned between repayment of principal and finance income.

Where statutory requirements apply, gains on disposal are transferred from the Council Fund Balance to the Capital Receipts Reserve or Deferred Capital Receipts Reserve, and the written-off value is appropriated to the Capital Adjustment Account through the Movement in Reserves Statement.

#### **The Authority as Lessor – Operating Leases**

Where the Authority grants an operating lease, the underlying asset remains in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

### **18.25 Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are assessed in accordance with the Code to determine whether the Authority controls the services provided, controls access to the infrastructure and controls any significant residual interest in the assets at the end of the arrangement. Where those tests are met, the related assets are recognised on the Authority's Balance Sheet as Property, Plant and Equipment together with a corresponding liability.

Assets recognised under PFI and similar arrangements are revalued and depreciated on the same basis as equivalent assets owned directly by the Authority.

Amounts payable to the operator are analysed into the fair value of services received, finance cost, contingent rent where applicable, payment towards the liability and lifecycle replacement costs. Lifecycle replacement costs are recognised as additions to Property, Plant and Equipment when the relevant works are carried out.

### **18.26 Interests in Companies and Other Entities**

The Authority has interests in other entities which are considered against the Code's requirements for group accounting. Where the Authority has material interests based on control or significant influence, those interests are reflected in the financial statements in accordance with the Code.

In respect of the South East Wales Corporate Joint Committee (SEWCJC), the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single-entity financial statements and disclosures.

The Authority's remaining interests in other entities are not, in aggregate, sufficiently material to require the production of consolidated group accounts. Appropriate narrative disclosures are provided elsewhere in the accounts.

### **18.27 Management Reporting and Service Analysis**

The Statement of Accounts is presented on the same basis as the Authority's management reporting structure. Overheads and support service costs are therefore reported within the service areas in which they are managed rather than being fully recharged across all benefiting services.

### **18.28 Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

When payments are made, they are charged to the provision. Estimated settlements are reviewed at the end of each financial year and adjusted where necessary.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by uncertain future events not wholly within the control of the Authority, or where a present obligation exists but it is not probable that an outflow of resources will be required or the amount cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note where material.

**Contingent Assets**

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note where it is probable that there will be an inflow of economic benefits or service potential.