

Public Document Pack

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Chief Officer (Governance)
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To: All Members of the Council

17 February 2023

Dear Sir/Madam

NOTICE OF HYBRID MEETING
FLINTSHIRE COUNTY COUNCIL
THURSDAY, 23RD FEBRUARY, 2023 at 2.00 PM

Yours faithfully

Steven Goodrum
Democratic Services Manager

Please note: Attendance at this meeting is either in person in the Council Chamber, Flintshire County Council, County Hall, Mold, Flintshire or on a virtual basis.

The meeting will be live streamed onto the Council's website. The live streaming will stop when any confidential items are considered. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.public-i.tv/core/portal/home>

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 APOLOGIES FOR ABSENCE

Purpose: To receive any apologies.

2 DECLARATIONS OF INTEREST

Purpose: To receive any Declarations and advise Members accordingly.

3 MINUTES (Pages 5 - 28)

Purpose: To confirm as a correct record the minutes of the meetings held on 13 December 2022 and 24 January 2023.

4 CHAIR'S COMMUNICATIONS

Purpose: To receive the communications as circulated.

5 PETITIONS

Purpose: This is an opportunity for Members of Council to submit petitions on behalf of people in their ward. Once received, petitions are passed to the appropriate Chief Officer for action and response.

PRINCIPAL ITEMS OF BUSINESS

6 COUNCIL FUND REVENUE BUDGET 2023/24 - FINAL CLOSING STAGE (Pages 29 - 62)

Report of Corporate Finance Manager, Chief Executive -

Purpose: To set a legal and balanced budget for 2023/24 on the recommendation of Cabinet.

7 COUNCIL TAX SETTING FOR 2023/24 (Pages 63 - 78)

Report of Chief Officer (Governance) -

Purpose: To set the Council Tax charges for 2023-24 as part of the Council's wider budget strategy.

8 **TREASURY MANAGEMENT STRATEGY 2023/24, TREASURY MANAGEMENT POLICY STATEMENT, PRACTICES & SCHEDULES 2023-26** (Pages 79 - 164)

Report of Corporate Finance Manager -

Purpose: To present to Members the draft Treasury Management Strategy 2023/24.

9 **MINIMUM REVENUE PROVISION - 2023/24 POLICY** (Pages 165 - 178)

Report of Corporate Finance Manager -

Purpose: Local Authorities are required each year to set aside some of their revenue resources as provision for the repayment of debt. The report presents the Council's draft policy on Minimum Revenue Provision.

ORDINARY ITEMS OF BUSINESS

10 **PAY POLICY STATEMENT FOR 2023/24** (Pages 179 - 242)

Report of Chief Executive, Corporate Manager, People and Organisational Development -

Purpose: All local authorities are required to publish their Pay Policy Statement by April annually. The Pay Policy Statement presented within this report is the eleventh annual Statement published by Flintshire County Council.

FOR INFORMATION

11 **PUBLIC QUESTION TIME**

Purpose: This item is to receive any Public Questions: none were received by the deadline.

12 **QUESTIONS**

Purpose: To note the answers to any questions submitted in accordance with County Council Standing Order No. 9.4(A): none were received by the deadline.

13 **NOTICE OF MOTION**

Purpose: This item is to receive any Notices of Motion: none were received by the deadline.

14 **QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES**

Purpose: To consider any issues raised by Members arising from the Minutes of the Cabinet, Scrutiny Committees and other Committees, together with any questions raised under Section 4.20 of the Council's Constitution. Copies of the Minutes of the various meetings that have taken place since the last ordinary meeting of the Council which have been approved and published on the Authority's website, can be obtained, if required, via the Committee and Member Services.

Please note that there may be a 10 minute adjournment of this meeting if it lasts longer than two hours

FLINTSHIRE COUNTY COUNCIL
13TH DECEMBER 2022

Minutes of the meeting of Flintshire County Council held as a hybrid meeting on Tuesday, 13th December 2022.

PRESENT: Councillor Mared Eastwood (Chair)

Councillors: Mike Allport, Bernie Attridge, Glyn Banks, Pam Banks, Marion Bateman, Sean Bibby, Chris Bithell, Gillian Brockley, Helen Brown, Mel Buckley, Teresa Carberry, Tina Claydon, David Coggins Cogan, Geoff Collette, Steve Cople, Bill Crease, Paul Cunningham, Rob Davies, Ron Davies, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, David Evans, Chrissy Gee, David Healey, Ian Hodge, Andy Hughes, Dave Hughes, Ray Hughes, Alasdair Ibbotson, Paul Johnson, Christine Jones, Richard Jones, Simon Jones, Dave Mackie, Gina Maddison, Roz Mansell, Allan Marshall, Ryan McKeown, Billy Mullin, Debbie Owen, Ted Palmer, Andrew Parkhurst, Mike Peers, Michelle Perfect, Vicky Perfect, Carolyn Preece, David Richardson, Ian Roberts, Dan Rose, Kevin Rush, Dale Selvester, Jason Shallcross, Sam Swash, Linda Thew, Linda Thomas, Roy Wakelam and Antony Wren.

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Chief Officer (Planning, Environment and Economy), Chief Officer (Social Services), Corporate Finance Manager, Corporate Manager, People and Organisational Development, Corporate Manager, Property and Assets, Head of Legal Services, Democratic Services Manager, Revenues and Procurement Manager, Democratic Services Team Leader and Democratic Services Officers.

APOLOGIES FOR ABSENCE:

Councillors: Jean Davies, Carol Ellis, Gladys Healey, Dennis Hutchinson, Richard Lloyd, Hilary McGuill, Ant Turton and Arnold Woolley.

Tributes were made to former Delyn Borough Councillor and Flintshire County Councillor Karin Davies who represented the Holywell ward, who had recently passed away. Her loyalty was commended, and she would be missed by family and friends. Condolences were paid to the family.

53. DECLARATIONS OF INTEREST

Councillor Peers declared a personal interest in agenda item number 6 – Council Tax Premium Scheme for Second Homes and Long-Term Empty Properties. Councillor Preece declared a personal and prejudicial interest in the same item.

54. MINUTES

The minutes of the meetings held on 27th September and 18th October were submitted.

Councillor Attridge moved them as a correct record which was seconded by Councillor Rob Davies.

RESOLVED:

That the minutes be approved as a correct record.

55. CHAIR'S COMMUNICATIONS

The Chair explained that her communications had been emailed to all Members earlier that week.

She commented on her visit to the Fostering Service at Ty Nyth on 4th November which she said was a wonderful asset.

56. PETITIONS

None were submitted.

57. COUNCIL TAX PREMIUM SCHEME FOR SECOND HOMES AND LONG-TERM EMPTY PROPERTIES

Councillor Preece, having earlier declared a personal and prejudicial interest, left the room before the item was introduced.

The Chief Officer (Governance) introduced the report and explained that at the request of Cabinet, an extensive public consultation was undertaken from 8th November 2021 to 6th December 2021 to canvass the views of the public on the current Council Tax premium scheme, its effectiveness and impact on the local community and the use of the scheme to incentivise owners to bring properties into full use to support the supply of local housing for local residents. The consultation also explored opinions on alterations to the premium rates and the perceived benefits and risks to adopting any alternative or amended scheme.

504 consultation responses were received from a broad range of people and the responses were summarised in the report.

The role of the premium was focussed on encouraging owners of long-term empty properties to bring them back into use with the financial burden and affordability issues that could result on those parties such as new owners or existing owners who did not have the option or the funds to take immediate steps to bring the property back into use.

The Revenues and Procurement Manager explained that previously, since April 2017 when the scheme was introduced, a premium rate of 50% had been applied for dwellings designated as being periodically occupied (usually referred to as second homes) or long-term empty properties.

He added that as part of the consultation exercise, questions were also asked of those who could be potentially impacted if the rates were increased. In conclusion, almost two thirds of respondents felt that long-term empty properties had a negative impact on their local community. On second homes, almost half of

respondents felt they had a negative impact on their local community. Just over half of respondents felt the premium rate should be increased to over 50%.

The report provided details of what other local authorities had set their premium rates at. Cabinet had recommended 75% for long-term empty properties and 100% for second homes.

If the Council decided to raise the level of the premium on long-term empty properties and/or second homes, there was a possibility of increasing the Council Tax yield and to use any additional revenue generated to help meet local housing needs in line with the policy intentions of the premium scheme.

The additional revenue generated to support services would depend on the revised level of the premium rates but would typically consist of an additional £101k for every additional 10% levy above 50% on long-term empty properties and an additional £28k for every additional 10% levy on designated second homes. Tables in the report provided illustrations of the increase for 50%, 60%, 70%, 75% and 100%.

There was an amendment to the recommendation as printed in the report with the amendment being “For Council to consider the current rate of premium of 50% on second homes and long-term empty properties and determine whether the rate should be varied to 75% for long-term empty properties and 100% for second homes from April 2023, as per Cabinet’s recommendation”.

Councillor Mullin moved the recommendation which was seconded by Councillor Bithell.

Councillor Bithell explained that empty homes was part of his Cabinet portfolio and he felt that Council Tax premiums was not the only answer to what were complex issues in bringing empty properties back into use. There were homeless who needed to be accommodated when properties throughout the county were left empty.

Councillor Richard Jones felt the response to the consultation was low with the percentage responses being close. He commented on the potential for a saving of £390,000 and queried whether that was the reason for the proposals before Members, which he felt could not be relied upon. He said if residents changed their behaviour there was a chance that no extra money would be received.

Councillor Carberry thanked officers for the work on the report and the graphics contained within. She felt the sample size of the consultation was good when compared to national consultations.

Councillor Swash supported the Cabinet recommendation saying that the data proved that the 50% premium was failing in the aim to bring the homes back into use, with the housing crisis being the largest challenge being faced by the Council.

Councillor Parkhurst supported the proposal of 75% for long term empty properties to assist with the housing shortage. However, he felt that measures were

being rushed and the implications of 75% for self-catering accommodation which fell into the category of second homes had not been thought through. He proposed an amendment which was to increase the long-term empty properties to 75% but leave second homes at 50%, pending an appraisal of the impacts in respect of self-catering accommodation by way of a Task and Finish Group. The amendment was seconded by Councillor Attridge.

In supporting the amendment, Councillor Peers commented on the circumstance when somebody had inherited a property which then became classed a second home and would be subject to capital gains tax. The consequences of that was not contained within the report and he queried the disparity between the two rates.

Councillor Crease asked for clarification on whether it was about raising revenue or bringing empty homes back into use. Councillor Bithell, as Cabinet Member for empty homes, said he seconded the recommendations based purely on bringing back empty homes into use, and not from a revenue income perspective however some revenue would be received.

In response to a question on if a Member felt the Code of Conduct had been breached by another Member, the Chief Officer (Governance) said that advice should be sought from either himself or the Deputy Monitoring Officer outside of the meeting.

A number of Members spoke in support of the amendment with one Member speaking against. On being put to the vote, the amendment was LOST.

Councillor Peers queried on the effectiveness of the scheme which was to incentivise owners to bring properties into full use to support the supply of local housing for local residents. He gave an example of if a resident inherited a property that was over £200,000, then that was not an affordable home. He asked if there was evidence of the value of second homes as that information was not contained within the report which made it difficult to understand how the properties being brought back into use would support the affordable housing market. He queried what the use of additional income would be used for, which he felt would either be to support the demand in services or local housing needs which he felt was not demonstrated.

Members were advised that they now needed to vote on the substantive motion of an increase to 75% on long term empty properties and 100% for second homes which was CARRIED.

Councillor Preece returned to the room and was advised of the decision.

RESOLVED:

That the premium rate be increased to 75% for long term empty properties and 100% for second homes from April 2023.

58. ELECTORAL REFORM IN WALES

The Chief Officer (Governance) introduced the report and explained that in 2017, Welsh Government (WG) consulted on immediate priorities for reform in the Electoral Reform in Local Government in Wales White Paper. Those immediate priorities were legislated for through the Senedd and Elections (Wales) Act 2020 and the Local Government and Elections (Wales) Act 2021.

One of the changes was that local authorities could decide to adopt the Single Transferrable Vote system for their elections, in place of the First Past the Post system. Part one of the report explained the process involved.

Part two of the report explained the Electoral Administration and Reform White Paper and how WG were seeking to accelerate their reform agenda and comment what they described as an ambitious plan to modernise electoral administration in Wales.

The White Paper included proposals for:

- Promoting engagement in elections
- Making standing for election safer and more straight forward
- Legislation to modernise the administration of elections
- Legislation to improve the conduct of electoral and community reviews for local government
- Legislation to consolidate electoral law
- Longer-term propositions for electoral reform to support Welsh democracy in the future

The closing date for consultation responses was 10th January 2023.

Part three of the report summarised the Elections Act 2022, which received Royal Assent in April 2022 and was applicable for UK Parliamentary and Police and Crime Commissioner elections.

The impact of the Elections Act 2022 created divergence in Wales which were highlighted in the report.

One of the changes was that local authorities could decide to adopt the Single Transferrable Vote (STV) system for their elections, in place of the First Past the Post system. Part one of the report explained the process involved.

The Chief Officer (Governance) explained further that currently first past the post system was used for County Council elections. The Council could move to STV and further guidance would be provided by WG regarding this and clarity on the quota. If Council wanted STV then a boundary review would need to be undertaken first. That would mean wards of between three and six Members.

Councillor Roberts moved the recommendations of the report which was seconded by Councillor Johnson.

Councillor Roberts expressed some concerns on the requirement for voter ID which could put pressure on the team with late registrations. He said the highest turnout at elections was UK Government which operated first past the post. Welsh Government (WG) elections had a considerably lower turnout and the process operated for the Police and Crime Commissioner elections was confusing. He was opposed to large multi member wards commenting on the importance of the connection between local Members and their community. He suggested an all-Member workshop to progress what was required, and asked if the deadline of 10th January could be extended. The Chief Officer (Governance) said a request could be made to extend the deadline and if that was not approved, views from the meeting today would form part of the response. A Member workshop could be arranged as suggested to identify key issues.

As seconded, Councillor Johnson supported the request to extend the deadline as the document was very detailed and a measured response was required.

Members from across the Chamber made comments on aspects of the document with most supporting first past the post and concurring with the comments of Councillor Roberts on the importance of Members retaining local representation.

The Chief Officer (Governance) said that an extension to the deadline would be sought and if approved, an all-Member workshop would be arranged.

Commenting on the recommendations, Councillor Roberts suggested a fourth to read "that a letter be sent to UK Government to express the concerns raised about the practicalities of costs of voter ID" which was supported.

RESOLVED:

- (a) That the Council does not support the adoption of the Single Transferrable Vote system;
- (b) That an extension to a response on the Electoral Administration and Reform White Paper be requested and if accepted, and all Member workshop be arranged. If the extension was rejected, the Deputy Returning Officer would submit a response in line with the views expressed by Members by 10th January;
- (c) That the requirements of the Elections Act 2022 be noted, and the proposed steps to minimise potential disenfranchisement be approved; and
- (d) That a letter be sent to UK Government to express the concerns raised about the practicalities of costs of voter ID.

59. NOTICE OF MOTION

The following Notice of Motion had been submitted by Councillor Rose and was supported by Councillor Preece:

“This Council notes the current use of many types of animals at various events held by private organisations, friends of groups and the Council across the County and wishes to continue to do all that it can to promote, safeguard and encourage high standards of animal welfare.

The RSPCA states that it is opposed to the use of animals in entertainment or animal encounters where distress or suffering to an animal is likely to be caused. However, the organisation also recognises the benefits of certain types of events using animals, for example:-

- dog agility events that involve training dogs to run through and over obstacles using treats, toys and praise; and
- the use of animals in schools and other educational establishments (i.e. in the form of visits as opposed to the educational establishments keeping the animals themselves) with a view to teaching young people about animal care and welfare, which is a positive step towards ending cruelty towards animals in the future.

The introduction of the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021 is a significant step towards effectively controlling the use of, and encounters with, animals and ensuring their welfare. However, it is noted that there may be instances where, even though certain events may not in principle be supported by the Council, the Authority may still be required (by law) to grant a licence if all relevant conditions are met.

Notwithstanding the above, the Council considers that:-

- no animal should be made to endure stress or suffering;
- all appropriate steps should be taken to mitigate any risk of stress or suffering to animals in any relevant events being held by any organisation within the County;
- certain animals, such as dogs, may benefit from partaking in events but steps should still be taken to ensure their welfare and minimise any risk to them; and
- the use of animals in certain instances – such as in schools, other educational establishments and community settings for educational and conservation purposes, by suitably registered charities – where appropriate and will have no negative impact on animal welfare subject to such events being managed properly.

This Council therefore resolves:-

- I. to note the implications of relevant licensing legislation which may grant, or require the Council to grant, licences to third parties for the use of animals within the County;
- II. subject to (III) below, to cease the use of animals in Council events and that, in particular, no Council organised event will include the use of reindeer or donkeys;
- III. that the use of animals such as birds, dogs, reptiles and invertebrates such as spiders, scorpions, crustaceans, or molluscs in Council organised events be permitted only where:-

- A. animals are being displayed for educational purposes or for purposes which are consistent with their natural habitat and activities; and
 - B. the relevant non profit organisation providing the animal(s) holds a certificate issued in accordance with the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021; and
 - C. any appropriate mitigating measures as required by relevant officers of the Council are put in place to ensure the welfare of the animal(s) concerned and to ensure that they are not put at risk by partaking in the event.
- IV. to apply the principles in (II) and (III) to events organised by other organisations where council co-operation other than statutory obligations are requested, such as in the case of road closures, publicity, and use of council buildings or land etc.
 - V. to circulate the above resolutions to all relevant departments, and to schools.

In speaking to the Notice of Motion, Councillor Rose thanked Members across the chamber for their support in advance of the meeting with animal welfare being dear to the hearts of all Members. Things had moved on significantly but there were still animals suffering needlessly in communities. He referred to expert advice on reindeers outside of their natural habitat, stressing the importance of keeping animals in their natural habitat. Thirty councils had already banned the use of animals as entertainment in events with a further 108 confirming they would not be using animals at events over the Christmas period. Flintshire stood out for allowing the use of animals at events and in supporting the Notice of Motion would bring Flintshire in line with best practice.

Councillor Preece expressed her support for Councillor Rose saying that by supporting the notice of motion would champion animal welfare and demonstrate Flintshire as being a caring Council.

Councillor Bithell, as Cabinet Member for Planning, Public Health and Public Protection responded to the Notice of Motion for which he thanked Councillors Rose and Preece. He supported what was presented before Members. He explained that the Valuations and Estates department had recently started a review of the licence arrangements for those who rented or leased land from Flintshire County Council. The work was due to concerns raised about the use of wildlife animals being given away as prizes. He would request that officers broaden the remit of the scope of the work to incorporate the proposed resolution and that the findings be reported at the earliest opportunity to Cabinet. Once the work was complete a communications strategy would need to be developed to emphasise that Flintshire County Council would not tolerate such outdated practices on its land and would seek to mitigate any stress or suffering to any animal. The vigilance of the public and compliance of event organisers would be essential to ensure success.

Councillors Rose and Preece welcomed the response and supported the suggestion of the remit of the scope of the work being carried out by the Valuations and Estates department being broadened.

Councillor Peers sought clarification on the use of reindeer and donkeys as at an event in Buckley recently a reindeer had led a procession which appeared to be well cared for and was welcomed by the children. He felt to take that away from the children would be a retrograde step, particularly at Christmas.

Councillor Richard Jones referred to the donkey sanctuary which he supported. It was open 365 days a year so people could visit and it helped to create a bond between children and animals as for some children who did not have a pet, this was one way in which they could interact and show compassion. He commented on the nurturing for children in interacting with animals and by distancing some children away from that was a negative.

Councillor Coggins Cogan referred to his degree in Zoology and said that herbivores did not enjoy being surrounded by carnivores. If a reindeer was on its own, which it was not natural as their instinct was to be in herds, it would feel separated, penned in with lots of children around them. Although the animal would be trained to be calm it would not be its natural way of being and animals should not be trained to suppress its own fear, anxiety and distress for the purposes of people being able to see them was disgraceful. He was also a member of the donkey sanctuary, and the difference was donkeys were in their stables and they had the opportunity to move away from people visiting should they wish as they were not penned in from each side.

In his right of reply, Councillor Rose cited a quote from the donkey sanctuary "the donkey sanctuary does not endorse or encourage the use of donkeys or their hybrids in any form of entertainment". He said there was a clear difference in an organisation that was established for the welfare of animals to those that were not. He agreed with the compassion being important for children which is not just seen at Christmas time but something that develops throughout their lifetime. In response to a question on the reindeer seeming well cared for, that was an issue a lot of people had that were not in animal welfare where human elements were attributed to an animal when actually their natural behaviour did not match what we would expect or anticipate which he felt was the biggest failure in the situations described at events.

On being put to the vote the Notice of Motion was carried.

RESOLVED:

That the Notice of Motion submitted by Councillor Rose be supported, including the and that the suggestion from the Cabinet Member, Councillor Bithell, that the remit of the scope of the work being carried out by the Valuations and Estates department being broadened, be accepted.

60. PUBLIC QUESTION TIME

None were received.

61. QUESTIONS

The Chair advised that two questions had been received and responded to. They had been circulated to Members.

62. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES

None were received.

63. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There were no members of the press or public in attendance.

(The meeting started at 2.00 p. m. and ended at 5.02 p.m.)

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Chair

FLINTSHIRE COUNTY COUNCIL
24 JANUARY 2023

Minutes of Flintshire County Council held as a hybrid meeting on Tuesday,
24 January 2023

PRESENT: Councillor Mared Eastwood (Chair)

Councillors: Mike Allport, Bernie Attridge, Glyn Banks, Pam Banks, Marion Bateman, Sean Bibby, Chris Bithell, Gillian Brockley, Helen Brown, Mel Buckley, Teresa Carberry, Tina Claydon, David Coggins Cogan, Geoff Collett, Steve Copple, Bill Crease, Paul Cunningham, Rob Davies, Ron Davies, Adele Davies-Cooke, Chris Dolphin, Rosetta Dolphin, Carol Ellis, David Evans, Chrissy Gee, David Healey, Gladys Healey, Ian Hodge, Ray Hughes, Dennis Hutchinson, Alasdair Ibbotson, Paul Johnson, Christine Jones, Richard Jones, Simon Jones, Richard Lloyd, Dave Mackie, Gina Maddison, Roz Mansell, Allan Marshall, Hilary McGuill, Ryan McKeown, Billy Mullin, Debbie Owen, Ted Palmer, Andrew Parkhurst, Michelle Perfect, Vicky Perfect, Carolyn Preece, David Richardson, Ian Roberts, Dan Rose, Kevin Rush, Dale Selvester, Jason Shallcross, Sam Swash, Linda Thew, Linda Thomas, Roy Wakelam, Arnold Woolley and Antony Wren

APOLOGIES: Councillor Jean Davies

IN ATTENDANCE: Chief Executive, Chief Officer (Governance), Chief Officer (Planning, Environment & Economy), Chief Officer (Housing and Community), Corporate Finance Manager, Head of Democratic Services, Service Manager Strategy, Service Manager Development, Corporate Manager – Capital Programme and Assets, Strategic Finance Manager, Internal Audit, Performance and Risk Manager, Corporate Finance Officers, Democratic Services team, and Fr Martin Bachelor for prayers.

At the start of the meeting Councillor Billy Mullin took the opportunity to remind everyone that Friday, 27 January 2023, was Holocaust Memorial Day. Holocaust Memorial Day was a national commemoration day dedicated to the remembrance of those who suffered in the Holocaust under Nazi Persecution, and in subsequent genocides in Cambodia, Rwanda, Bosnia and Darfur. The chosen date is the anniversary of the liberation of Auschwitz concentration camp by the Soviet Union in 1945.

In his statement Councillor Mullin explained that the theme for Holocaust Memorial Day 2023 was Ordinary People and he asked that everyone commemorated this day by observing a two minute silence on Friday, 27 January, to remember the past and consider the part which everyone can play in challenging hatred and creating a safer, better future.

64. DECLARATIONS OF INTEREST

In response to a request from Councillor Bernie Attridge the Chief Officer (Governance) provided guidance on the declarations of personal and personal and prejudicial interests by Members.

Councillor David Healey and Councillor Gladys Healey declared a personal and prejudicial interest on item 5: Adoption of the Flintshire Local Development Plan (LDP). Councillors Dale Selvester and Sam Swash also declared a personal interest on item 5.

Councillors Hilary McGuill, Andrew Parkhurst, Carolyn Preece and Geoff Collett, declared a personal interest on item 6: Capital Programme 2023/24 – 2025/26.

Councillor Ted Palmer declared a personal interest on item 8: Housing Revenue Account (HRA) 30 Year Financial Business Plan.

65. CHAIR'S COMMUNICATIONS

The Chair referred to her communication which had been circulated prior to the meeting and listed the events she had attended between 14 December 2022 – 24 January 2023. The Chair took the opportunity to thank Members for their support for the Charity Dinner to be held on 24 March, and also referred to the Anglesey Coastal Path Challenge she would be participating in to fundraise for the organisations she was supporting as Chair of Flintshire County Council.

66. PETITIONS

The following petitions were received:

- Councillor Dave Hughes submitted a petition on Save the Llanfynydd footbridge.
- Councillor Bill Crease submitted a petition on behalf of Connah's Quay Angling Club to exclude dogs from the fishing platform access paths within the fenced area at 'The Rosie', Wepre Park.
- Councillor Glyn Banks and Councillor Gina Maddison submitted a joint petition on behalf of the residents of Gronant regarding concerns on a proposed new housing development at Gronant Institute.
- Councillor Glyn Banks and Councillor Gina Maddison also submitted a joint petition on behalf of the residents of Gronant Ward regarding provision of suitable disabled access to a residential property.

67. ADOPTION OF THE FLINTSHIRE LOCAL DEVELOPMENT PLAN (LDP)

Prior to consideration of the report Councillor David Healey and Councillor Gladys Healey, who had both declared a personal and prejudicial interest on Adoption of the Flintshire Local Development Plan (LDP), withdrew from the room

The Chief Officer (Planning, Environment and Economy) presented a report to seek Members' approval for the adoption of the Flintshire Local Development Plan (LDP). He provided background information and advised that the LDP Inspectors

had concluded their deliberations and that their Final Report on the Examination into the Flintshire LDP, dated 15 December 2022, had been published. The Final Report and its appendices were included as appendix 1 to the report.

The Chief Officer reported on the main considerations as detailed in the report and paid tribute to all involved for their professionalism, tenacity and collaboration in producing the LDP. In conclusion, the Chief Officer summarised that if the LDP was adopted it would give certainty to communities in Flintshire regarding the areas and environments that would be protected and identify a limited number of areas where development could, in principle, take place subject to future planning applications. The LDP would provide the Council with the relevant policies against which to determine proposed developments.

The Service Manager Strategy commented on the positive reasons for adopting the LDP and referred to the key points concerning the Inspectors' Report. The Chief Executive and Service Manager Strategy gave a presentation which covered the following:

- Inspectors' final report
- adoption process
- legal duty
- consequences of not adopting
- post adoption
- recent correspondence

The Chief Officer (Governance) drew attention to the legal duties as set out in paragraph 1.13 of the report and referred to the options detailed in the report to either adopt the policy without amendment, or reject it in its entirety. The Chief Officer explained that there was no power under the Regulations to adopt the LDP in part or to amend and advised on the implications of the options.

Councillor Chris Bithell spoke in support of the LDP and moved the recommendations in the report. Councillor Dave Hughes said he fully supported the LDP and seconded the proposal.

Councillor Alasdair Ibbotson spoke in support of the LDP and encouraged Members to support the recommendations.

Councillor Bernie Attridge said he supported the LDP.

Councillor Sam Swash spoke against adoption of the LDP and said that the residents of the Hawarden/Mancot Ward did not support the Plan.

Councillor Mike Peers said the LDP provided 'certainty' and commented on the problem of "speculative development" in Flintshire. He said that he supported the LDP overall.

Councillor Helen Brown said that adoption of the LDP would have a devastating effect on local communities and commented on the issues of flooding in

her Ward, and the lack of infrastructure and schools. She urged Members to vote against the LDP.

Councillor Gillian Brockley said she was unable to support all aspects of the LDP and reiterated the concerns expressed by Councillor Brown around the issue of flooding, the need for infrastructure, affordable homes, schools, and protection of green spaces and bio-diversity.

Councillor Carol Ellis said she could not support the LDP and spoke of the difficulties experienced by local residents in her Ward as a result of recent development.

Councillor Ant Turton spoke of the issue of flooding and the devastating impact on residents and their homes.

In summing up Councillor Chris Bithell addressed the concerns which had been raised by Members around “affordability”, site location, flooding, transport, schools and infrastructure.

The Chair asked Members to consider and vote on the recommendations in the report.

A recorded vote was requested and the requisite number of Members stood in support of this.

The following Councillors voted for the recommendations:

Bernie Attridge, Sean Bibby, Chris Bithell, Mel Buckley, Teresa Carberry, Tina Claydon, Geoff Collett, Steve Copple, Paul Cunningham, Rob Davies, Ron Davies, Chris Dolphin, Rosetta Dolphin, Mared Eastwood, David Evans, Dave Hughes, Ray Hughes Alasdair Ibbotson, Paul Johnson, Christine Jones, Richard Jones, Simon Jones, Richard Lloyd, Gina Maddison, Allan Marshall, Hilary McGuill, Billy Mullin, Debbie Owen, Ted Palmer, Andrew Parkhurst, Mike Peers, Michelle Perfect, Vicky Perfect, Ian Roberts, Kevin Rush, Jason Shallcross, Linda Thew, Roy Wakelam, Arnold Woolley, and Antony Wren.

The following Members voted against the recommendations:

Gillian Brockley, Helen Brown, David Coggins-Cogan, Bill Crease, Chrissy Gee, Ian Hodge, Andy Hughes, Carolyn Preece, David Richardson, Dan Rose, Dale Selvester, Sam Swash, Linda Thomas, and Ant Turton.

The following Members abstained:

Glyn Banks, Pam Banks, Marion Bateman, Adele Davies-Cooke, Carol Ellis, Dave Mackie, and Roz Mansell

On being put to the vote the following recommendations were carried.

RESOLVED:

- (a) That the Flintshire Local Development Plan (LDP) (Final version at Appendix 2 – as amended by the binding changes set out in the Inspectors Report), as the new development plan for the Flintshire administrative area be adopted;
- (b) That the Adoption Statement (Appendix 3), Final Sustainability Appraisal including Equalities Impact Assessment (Appendix 4), and Habitat Regulations Assessment (Appendix 5) be approved; and
- (c) That Council authorises the Chief Officer (Planning, Environment and Economy) to make outstanding typographical, grammatical, presentational, or factual amendments to the Flintshire LDP and supporting documents prior to its final publication.

Councillors David Healey and Gladys Healey were invited to return to the meeting and were informed that following a recorded vote the recommendations in the report had been carried.

At this point the meeting was adjourned for a short break.

68. CAPITAL PROGRAMME 2023/24 – 2025/26

The Strategic Finance Manager introduced the report which presented the Capital Programme 2023/24 – 2025/26 for approval.

The Strategic Finance Manager advised that the Council Fund Capital Programme was divided into the following three sections:

- Statutory/Regulatory - allocations to cover regulatory and statutory works;
- Retained Assets - allocations to fund infrastructure works necessary to ensure service and business continuity; and
- Investment - allocations to fund works necessary to remodel services to deliver efficiencies outlined in portfolio business plans and invest in services as outlined in the Council Plan.

The Strategic Finance Manager gave a presentation which covered the following main points:

- structure - Council fund capital programme
- current programme 2022/23 – 2024/25
- projected funding 2023/24 – 2025/26
- statutory/regulatory – proposed allocations
- retained assets – proposed allocations
- Investment section – proposed allocations
- summary generally funded programme
- specifically funded schemes
- summary capital programme

- potential future schemes

Councillor Richard Jones proposed deferral of the item. He stated his reasons and said that in his view it would be unwise to agree to a Capital Programme until the Revenue Account had been balanced. This was seconded by Councillor Bernie Attridge.

Councillor Ian Roberts spoke in opposition to the motion for deferral and sought advice from the Corporate Finance Manager and Chief Executive regarding the priority to consider the Capital Programme at the meeting.

Councillor Alasdair Ibbotson moved an amendment to the proposal made by Councillor Richard Jones. He proposed that recommendations 1 to 4 in the report be adopted.

A vote was taken on the proposal from Councillor Richard Jones that the item be deferred to a future meeting of the County Council. When put to the vote the proposal was lost.

Councillor Ian Roberts moved that the Capital Programme be approved in accordance with the recommendations in the report and spoke in support of the Capital Programme. Councillor Christine Jones seconded the proposal.

Councillor Bernie Attridge raised questions around funding to address the issues of cyber-security, homelessness, and additional funding from the Welsh Government for Theatr Clwyd. The Chief Officer (Governance) responded to the comments raised on cyber-security. The Corporate Manager – Capital Programme and Assets, provided a response to the questions raised on funding for Theatr Clwyd and gave further clarification on the Capital Programme. The Chief Executive provided explanation concerning grant funding from the Welsh Government for homelessness.

Councillor Mike Peers referred to the Capital Programme and raised questions on the relocation of Tri-ffordd Day Service Provision (pages 29 and 30 in the report). He referred to the 10 acre site on the outskirts of Mold which had been identified as a potential new location and asked if the site was owned by the Council or was to be purchased. Councillor Peers also referred to the information that Deeside Leisure Centre was reaching the end of its economic viability (page 43, paragraph 1.54) and commented that some schools in Flintshire were older and should be reviewed and considered in the Capital Programme. The Corporate Manager – Capital Programme and Assets, responded to the comments and referred to the WG investment programmes for schools in Flintshire. He also provided an update concerning Deeside Leisure Centre and referred to work undertaken to modernise the infrastructure during its conversion to hospital provision.

Councillor Glyn Banks expressed concern around the increased cost of Disabled Facility Grants and suggested that an urgent review of the procurement process be undertaken. He also sought clarification on funding from WG for Theatr Clwyd. The Corporate Manager – Capital Programme and Assets, provided further information on the contributions made by the Council and WG to the Theatr Clwyd

Trust and advised that no further capital funding was required from the County Council.

In response to the concerns raised by Councillor Mike Peers around the age of some school buildings, Councillor Ian Roberts advised that each school had a buildings condition survey and as a result of the outcome schools could be prioritised for consideration for capital investment.

Members were asked to vote on the proposal to approve the following recommendations, as moved by Councillor Ian Roberts and seconded by Councillor Christine Jones. When put to the vote the recommendations were carried.

RESOLVED:

- (a) That the allocations and schemes in Table 3 (paragraph 1.09) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2023/24 - 2025/26 be approved;
- (b) That the schemes included in Table 4 (paragraph 1.31) for the Investment section of the Council Fund Capital Programme 2023/24 – 2025/26 be approved;
- (c) That it be noted that the shortfall in funding of schemes in 2024/25 and 2025/26 in Table 5 (paragraph 1.37) at this point in the approval process Allows flexibility. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2023/24, and included in future Capital Programme reports; and
- (d) That the schemes included in Table 6 (paragraph 1.41) be approved for the specifically funded section of the Council Fund Capital Programme which will be funded in part through borrowing

69. CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2023/24 – 2025/26

The Corporate Finance Manager presented the report to provide an update on the Council's Capital Strategy 2023/24 – 2025/26 and seek approval by Council. The report explained the need for the Strategy, the key aims, and content of each of the sections. Under the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), Authorities were required to set a range of Prudential Indicators (PI's). The Capital Strategy included details of the Council's Prudential Indicators for 2023/24 – 2025/26.

The Capital Strategy was noted by the Corporate Resources Overview and Scrutiny Committee at a meeting held on 17 November 2022 and comments were reported back to a meeting of the Cabinet held on 22 November 2022. No recommended changes or concerns had been raised.

Councillor Richard Jones requested that in future meetings of the Council the Capital Strategy be presented for consideration before the Capital Programme.

Councillor Paul Johnson referred to an agreement which had been reached previously by Members on the order of the items.

The recommendations in the report were moved by Councillor Paul Johnson and duly seconded. When put to the vote the recommendations were carried.

RESOLVED:

(a) That the Capital Strategy be approved; and

(b) That the following be approved:

-

- The Prudential Indicators for 2023/24 - 2025/26 as detailed within Tables 1, and 4 – 8 of the Capital Strategy.
- Delegated authority for the Corporate Finance Manager to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (Table 6 of the Capital Strategy).

70. HOUSING REVENUE ACCOUNT (HRA) 30 YEAR FINANCIAL BUSINESS PLAN

The Chief Officer (Housing and Communities) introduced a report to present the draft HRA 30 year Financial Business Plan and the proposed HRA Budget for 2023/24 for consideration.

A presentation was given by the Chief Officer and Corporate Finance officers which covered the following:

- HRA Business Plan 2023/24
- where does the HRA funding come from?
- where the money goes – HRA running costs
- how our costs compare to other stock holding Authorities – value for money
- rent setting
- proposed rent inflation
- rent impact on tenants at 5% rent uplift
- rents – impact of setting rents lower than permitted under the rent policy
- service charges
- additional HRA budget requirements for 2023/24
- HRA Capital Programme
- decarbonisation
- HRA Capital Funding
- prudential borrowing
- reserves

The recommendations in the report were moved by Councillor Sean Bibby and seconded by Councillor Hilary McGuill.

Councillor Helen Brown commented on the issue of void properties which she said was at its highest and asked what had been done to address the problem during the last two years and how the increasing trend had impacted the business plan.

In response to a request from Councillor Mike Peers the Corporate Finance officer gave an overview of how nearly £300k in efficiencies had been achieved in the HRA.

Councillor Bernie Attridge expressed concerns that service charges were to be deferred for existing tenants but did not apply to new tenants. He also commented on the issue of void properties and emphasised the need to use surplus funds in year, as a matter of urgency, to reduce the number of empty properties in Flintshire.

The Chief Officer (Housing and Communities) provided explanation around the costing of service charges for tenants. In response to the questions and comments concerning void properties, the Chief Officer gave the figure for the last 12 months and said the figures for the last two years could be provided following the meeting.

Having been moved and seconded, the following recommendations were put to the vote and carried.

RESOLVED:

- (a) That the HRA 30-year Financial Business Plan and budget for 2023/24 as set out in this report and attached appendices be approved; and
- (b) That consideration be given, in year, to utilise available reserves to bring into use void properties across Flintshire.

71. TREASURY MANAGEMENT MID-YEAR REVIEW 2022/23

The Corporate Finance Manager presented the Treasury Management Annual Report 2021/22. He advised that as required by the Council's Financial Procedure Rules, the Annual Report was reviewed by the Governance and Audit Committee on 27 July 2022 and Cabinet on 26 September 2022. There had been no significant issues raised. The Corporate Finance Manager reported on the main points as detailed in 1.05 – 1.09 of the covering report.

In moving the recommendation in the report Councillor Paul Johnson thanked the Corporate Finance Manager and his team for their work on producing the Annual Report. This was seconded by Councillor Ted Palmer.

RESOLVED:

That the Treasury Management Mid-Year Report 2022/23 be approved.

72. GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT

The Chief Officer (Governance) presented a report to seek approval of the Governance and Audit Committee Annual Report 2021/22. He provided background information and referred to the key points as detailed in the report. The Governance and Audit Committee's Annual Report for 2021/22 was appended to the report.

RESOLVED:

That the Governance and Audit Committee's Annual Report for 2021/22 be approved.

73. FINANCIAL PROCEDURE RULES

The Corporate Finance Manager presented the report to provide County Council with the proposed updated Financial Procedure Rules (FPR's) following detailed review. He advised that the FPR's had been endorsed by the Governance and Audit Committee at a meeting held on 14 November 2022 and clarification had been sought on some of the changes made. The points raised and responses provided were set out in the report. The FPR's had also been considered by the Constitution and Democratic Services Committee on 12 January 2023 and further clarification sought regarding some sections but no further amendments were required. The updated FPR's and Glossary of Terms were appended to the report.

Councillor Bernie Attridge moved the recommendation in the report and this was seconded by Councillor Rob Davies.

RESOLVED:

That the updated Financial Procedure Rules be approved.

74. ADOPTION OF THE MODEL ORDINARY LANGUAGE GUIDE TO THE CONSTITUTION AND UPDATES MADE TO THE NATIONAL MODEL CONSTITUTION

The Chief Officer (Governance) presented the report to recommend adoption of the ordinary language guide and updated Constitution following the work undertaken by the working group appointed by the Constitution and Democratic Services Committee. He provided background information and advised that the working group had considered the draft model ordinary language guide to the constitution and revisions to the draft updated Model Constitution and had reported back to the meeting of the Constitution and Democratic Services Committee held on 12 January 2023. The Committee resolved to make the recommendations as detailed in the report to Council.

Councillor Mike Peers referred to Appendix 1, paragraph 1.2 (iii), and suggested that the sub-paragraph be deleted as he felt that the role of Elected Members as advocate and support to Council was already dealt with in paragraph

(ii). The Chief Officer (Governance) noted the amendment and explained it could be included in the first recommendation in the report if adopted.

When put to the vote the following recommendations were carried.

RESOLVED:

- (a) That the role descriptions in the draft Model Constitution should be subject to consultation with relevant Members, before the updated constitution is adopted at the Annual General Meeting; and
- (b) That the ordinary language guide be approved for adoption at the Annual Meeting, subject to a final document and cross reference comparison with the draft constitution to ensure accuracy and consistency between those documents.

75. TIMINGS AND SCHEDULE OF COUNCIL MEETINGS AND MEETING FORMAT

The Democratic Services Manager presented the report. He referred to the survey which had been undertaken during November and December 2022 to seek the views of elected and co-opted Members on whether meeting arrangements should remain as they currently are or to change timings to include evening meetings. Views were also sought on the preferred format of meetings (hybrid or remote).

A summary of the results of the survey was presented to the Constitution & Democratic Services Committee on 12 January 2023. The Committee agreed to set-up a working group to consider the responses and undertake a review of the interim Multi-Location Meeting Policy before making any recommendation to Council about changes to the meeting format and adoption of a long-term policy. The Democratic Services Manager advised that the Committee had recommended to Council that the Planning Committee be held in hybrid format as soon as possible.

Councillor Mike Peers proposed that when meetings of the Council were held in the afternoon no meetings or workshops requiring Members' attendance were scheduled in the morning beforehand to enable Members to prepare for the meeting of Council. This was supported by Councillor Richard Jones.

Councillor Dennis Hutchinson asked that consideration be given to starting meetings of the Council at 1.00 pm.

Speaking in support of the proposal that the Planning Committee be held in hybrid format, Councillor Richard Lloyd asked that consideration be given to meetings being held at the Council's offices at Ty Dewi Sant, Ewloe.

Councillor Hilary McGuill expressed concerns around the resource implications for providing meetings in hybrid format and asked if costings could be provided. The Chief Officer explained that a working group had been appointed to consider the time and resources required to provide meetings in hybrid format and the impact on the Democratic Services Team. The working group would report back

to the Constitution and Democratic Services Committee on its findings and the options available.

Councillor Ian Roberts suggested that consideration be given to meetings of the Council being held in the Delyn Committee Room, County Hall.

The recommendations in the report were moved and seconded with the addition of a third recommendation that when meetings of the Council are held in the afternoon, the morning beforehand is kept free to enable Members to have preparation time for Council.

RESOLVED:

- (a) That the recommendation that Planning Committee meetings be held in 'Hybrid' format from 1 March 2023, be approved.
- (b) That Council awaits a further report from the Constitution & Democratic Services Committee on the implications of hybrid working and a long-term Multi-Location Meetings Policy; and
- (c) That when meetings of the Council are held in the afternoon the morning beforehand is kept free to enable Members to have preparation time for Council.

76. NOTICE OF MOTION

The following Notice of Motion was submitted by Councillor Richard Lloyd and seconded by Councillor Jason Shallcross.

“This motion is to request that Flintshire County Council adopts the Motor Neurone Disease (MND) Charter, which sets out the care and support that people living with MND and their carers deserve and should expect.

The MND Charter is made up of 5 points:

1. The right to an early diagnosis and information.
2. The right to access quality care and treatments.
3. The right to be treated as individuals and with dignity and respect.
4. The right to maximise their quality of life.
5. Carers of people with MND have the right to be valued, respected, listened to and well supported.

By adopting the MND Charter, this Council agrees to promote the Charter and make it available to all Councillors, Council staff, partner organisations and health and social care professionals who deliver services for the Council.

We will raise awareness of MND and what good care looks like for those living with this devastating disease, as stated in the Charter, and do everything we can as the Council to positively influence the quality of life for local people with MND and their carers living in our community”.

In speaking on the Notice of Motion, Councillor Richard Lloyd explained the reasons why it had been brought to Council and spoke of the dreadful impact of the disease on sufferers and their families. He asked Members to support the Notice of Motion and request that the Council adopt the MND Charter and raise awareness to help people in the future.

Councillor Richard Lloyd moved the following recommendation which was seconded by Councillor Ian Roberts. On being put to the vote the recommendation was carried unanimously.

RESOLVED:

That the Notice of Motion be received and supported.

77. PUBLIC QUESTION TIME

The Chief Officer (Governance) advised that none had been received by the deadline.

78. QUESTIONS

The Chief Officer (Governance) advised that none had been received by the deadline.

79. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES

The Chief Officer (Governance) advised that none had been received by the deadline.

80. MEMBERS OF THE PRESS IN ATTENDANCE

There were no members of the press in attendance.

(The meeting started at 2.00 pm and ended at 5.56 pm)

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Chair

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FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Thursday 23 rd February 2023
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Subject	Council Fund Revenue Budget 2023/24 – Final Closing Stage
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council has received full reports on previous stages of the budget setting process for 2023/24 and previous reports and appendices are referenced and are available as background information.

Cabinet received an update on the key headlines and financial impacts of the Welsh Local Government Provisional Settlement at its meeting on 17 January and received an updated revised additional budget requirement for 2023/24 of £32.978m

The report also provided 1) feedback from the series of specific Overview and Scrutiny committees held in December 2) an update on the ongoing risks to the additional budget requirement and 3) an update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget.

This work has now been concluded and the outcome is set out in the attached report.

Cabinet considered the report at its meeting this morning which set out how the Council can achieve a legal and balanced budget.

The report is attached as Appendix A and confirmation of the Cabinet Resolution will be provided at the meeting.

RECOMMENDATIONS

1	That the Council approves the recommendations of Cabinet for balancing the budget for 2023/24.
2	That Council approves the level of Council Tax for 2023/24 as recommended by Cabinet.

REPORT DETAILS

1.00	EXPLAINING THE CURRENT POSITION – BALANCING THE BUDGET FOR 2023/24
1.01	The Council has received reports at all stages throughout the budget process for 2023/24
1.02	Cabinet received an update on the key headlines and financial impacts of the Welsh Local Government Provisional Settlement at its meeting on 17 January 2023 as well as an update of an increased additional budget requirement of £32.978m.
1.03	<p>The report also provided:-</p> <ul style="list-style-type: none">1) feedback from the series of specific Overview and Scrutiny committees held in December2) an update on the ongoing risks to the additional budget requirement and3) an update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget. <p>This work has now been concluded and the outcome is set out in the attached report to Cabinet on 23 February.</p>
1.04	Cabinet considered the report at its meeting this morning which included a recommendation for setting a legal and balanced budget. The report is attached as Appendix A.
1.05	Cabinet's resolution for balancing the budget will be provided to Members at the meeting and a presentation on the budget will be made to Council.
2.00	RESOURCE IMPLICATIONS
2.01	As contained within the report to Cabinet of 23 February 2023 which is attached.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	As contained within the report to Cabinet of 23 February 2023 which is attached.

4.00	RISK MANAGEMENT
4.01	As contained within the report to Cabinet of 23 February 2023 which is attached.

5.00	APPENDICES
5.01	Appendix A – Cabinet Report 23 February 2023

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	As included in the Cabinet Report 23 February 2023

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Neal Cockerton, Chief Executive Gary Ferguson, Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	As set out in the attached report.

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CABINET

Date of Meeting	Thursday, 23 rd February 2023
Report Subject	Council Fund Revenue Budget 2023/24 – Final Closing Stage
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

Council has received full reports on previous stages of the budget setting process for 2023/24.

Cabinet received an update on the key headlines and financial impacts of the Welsh Local Government Provisional Settlement at its meeting on 17 January, together with an update on the increased additional budget requirement of £32.978m.

The report also provided 1) feedback from the series of specific Overview and Scrutiny committees held in December 2) an update on the ongoing risks to the additional budget requirement and 3) an update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget.

This work has now been concluded and the outcome is set out in the report.

The report sets out recommendations for the Council to be able to reach a legal and balanced budget position for the 2023/24 financial year.

This report also sets out the Council Tax recommendation for setting local taxation levels for 2023/24. We are also able to propose the formal resolution to Council when it meets later on today as we have received notification of the precepts of the Police and Crime Commissioner and all Town and Community Councils within Flintshire.

Cabinet is invited to make final recommendations to Council to set a legal and balanced budget based on the detail as set out in this report.

A full presentation will be made at County Council.

The report includes the following tables:

- Table 1: Revised Additional Budget Requirement 2023/24
- Table 2: Proposed Budget Solutions 2023/24
- Table 3: Proposed Budget 2023/24
- Table 4: School Budget Adjustments
- Table 5: Social Care Budget Adjustments
- Table 6: Medium Term Forecast 2024/25 – 2025/26

RECOMMENDATIONS

1	That Cabinet notes and approves the revised additional budget requirement for 2023/24.
2	That Cabinet approves the final proposals for the cost reductions that will contribute to the budget.
3	That Cabinet recommends to Council a legal and balanced budget based on the calculations as set out within this report.
4	That Cabinet notes the open risks which remain to be managed in the 2023/24 financial year.
5	That Cabinet recommends an overall annual increase in Council Tax for 2023/24 of 3.99% for Council Services and 0.96% for contributions to North Wales Fire and Rescue Service, Regional Coroners Service and the Regional Education Consortium (GwE) – an overall uplift of 4.95%.
6	That Cabinet invites Council to pass the formal Council Tax resolution now that we have had notification of the precepts of the Police and Crime Commissioner and all Town and Community Councils within Flintshire.
7	That Cabinet notes the medium-term forecast as a basis for the next revision of the Medium-Term Financial Strategy (MTFS).

REPORT DETAILS

1.00	EXPLAINING THE COUNCIL FUND REVENUE BUDGET 2023/24
1.01	<p>The Additional Budget Requirement</p> <p>The additional budget requirement for 2023/24 has been continuously revised to take into account the latest available information and has been presented to members in stages throughout the budget planning and setting process.</p> <p>Cabinet received an update on the key headlines and financial impacts of the Welsh Local Government Provisional Settlement at its meeting on 17 January together with an update on an increased additional budget requirement of £32.978m for the 2023/24 financial year.</p> <p>The report also provided: -</p> <ol style="list-style-type: none">1) feedback from the series of specific Overview and Scrutiny committees held in December2) an update on the ongoing risks to the additional budget requirement and3) an update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget. <p>This work has now been concluded and the outcome is set out in the report.</p>
	Additional Budget Requirement - Changes since the January Report
1.02	<p>Pay Awards 2023/24</p> <p>Welsh Government confirmed in the provisional settlement that the full costs of all future pay awards (teaching and non-teaching) will need to be met from the overall funding allocations provided to councils, and that there will be no supplementary allocations made should final pay awards exceed budgetary provision.</p> <p>Pay inflation of 3.5% has previously been included in the 2023/24 budget requirement - however this is now considered an unrealistic estimate based on current market conditions and therefore this has been increased to 5% for both teaching and non-teaching pay which is also more in line with assumptions being made by other Welsh Authorities.</p> <p>An additional amount of £2.438m has been included in the budget.</p>
1.03	<p>Homelessness demand</p> <p>The Council continues to experience high and increasing demand for temporary accommodation to meet its statutory obligations to accommodate families and persons that present themselves as homeless and this is expected to continue.</p> <p>The Council has been able to fund this in 2022/23 from temporary measures including specific funding from Welsh Government. Although the Council has recently had confirmation on the continuation of some specific grants, the funding is insufficient to meet estimated demand.</p>

	<p>An additional amount of £1m has been included in the budget.</p>
1.04	<p>North Wales Corporate Joint Committees (CJC)</p> <p>The North Wales Corporate Joint Committee (CJC) has a statutory requirement to set a budget each year and approve a levy on constituent authorities.</p> <p>The budget for 2023/24 has now been approved and is based on the CJC's initial functions of preparing, monitoring, and reviewing the Strategic Development Plan and developing a Regional Transport Plan.</p> <p>The Council's levy contribution for 2023/24 has been confirmed at £0.171m, which is £0.090m more than the £0.081m previously included.</p> <p>An additional amount of £0.090m has been included in the budget.</p>
1.05	<p>School Transport</p> <p>Since the start of the Autumn school term, there have been several transport pressures emerging relating to increased costs in the provision of additional key service routes for Additional Learning Needs (ALN) and Pupil Referral Units (PRU). These have arisen from a combination of re-procurement increases, additional statutory provision, and increased contractor costs due to fuel, insurance, driver costs etc.</p> <p>There is also a further pressure relating to additional capacity required on a commercial bus route for school transport requirements from September.</p> <p>A detailed review of current demand and costs projected through the next financial year has resulted in a significant additional budget requirement of £0.851m.</p> <p>An additional amount of £0.851m has been included in the budget.</p>
1.06	<p>Out of County Placements</p> <p>Additional funding of £1.500m was included in the 2022/23 budget although this area continues to increase in terms of service demand and cost. As at the Month 9 2022/23 budget monitoring report there is a net projected in-year overspend of £0.969m compared to the £0.500m previously included in estimates.</p> <p>An additional amount of £0.500m has been included in the budget.</p>
1.07	<p>Streetscene and Transportation – Additional Cost Pressures</p> <p>Additional in-year cost pressures have been identified that will continue into the following financial year:</p> <ul style="list-style-type: none"> - reduced levels of income from recharges to town and community councils (£0.075m)

	<ul style="list-style-type: none"> - additional costs for security of Household Recycling Centre sites (£0.100m) - additional costs for weed spraying and public conveniences (£0.050m) - additional costs of public events (£0.025m) <p>An additional amount of £0.250m has been included in the budget.</p>
1.08	<p>Aura Leisure and Libraries</p> <p>The previous additional budget requirement included an estimated recurring amount of £1.050m as a contribution towards the continuation of shortfalls in income targets and above inflationary increases for pay and energy.</p> <p>The amount has been refined and now reflects a recurring amount of £0.670m and a time-limited amount of £0.380m which would need to be claimed from the Council's Emergency Reserve in the same way as in the current financial year.</p> <p>The budget requirement has been reduced by an amount of £0.380m to reflect this adjustment.</p>
1.09	<p>Social Care Commissioning</p> <p>Further work has been undertaken on the fee modelling which has led to an adjustment of £0.476m that will reduce the amount previously included from £7.877m to £7.401m.</p> <p>The budget requirement has been reduced by an amount of £0.476m to reflect this change</p>
1.10	<p>Other minor changes</p> <p>The contribution to the North Wales Fire and Rescue Authority has now been confirmed as an increase of £0.881m (9.9%) compared with the 10% included in previous estimates.</p> <p>The contribution to the Regional Education Consortium (GwE) has also been confirmed as having no inflationary increase for 2023/24. The proportion each council contributes is updated annually to reflect changes in pupil data, and therefore an increase of £0.005m is still required. This is a reduction of £0.032m to the figure previously included.</p> <p>A cost pressure of £0.060m for Income from Land Gas extraction has been removed due to an improvement in the current year position.</p> <p>The cost pressure for capital borrowing costs has been reduced from £0.372m to £0.312m - a reduction of £0.060m.</p> <p>The budget requirement has been reduced by an amount of £0.153m to reflect these changes.</p>

1.11	<p>The changes in the budget requirement are summarised below:</p> <p>Table 1: Additional Budget Requirement 2023/24</p> <table border="1" data-bbox="300 264 1426 882"> <thead> <tr> <th></th> <th>£M</th> <th>Paragraph</th> </tr> </thead> <tbody> <tr> <td>Budget Requirement - January Report</td> <td>32.978</td> <td></td> </tr> <tr> <td>Additional Cost Pressures:</td> <td></td> <td></td> </tr> <tr> <td>Increase in provision for Pay Awards</td> <td>2.438</td> <td>1.02</td> </tr> <tr> <td>Homelessness Service</td> <td>1.000</td> <td>1.03</td> </tr> <tr> <td>Corporate Joint Committee</td> <td>0.090</td> <td>1.04</td> </tr> <tr> <td>School Transport</td> <td>0.851</td> <td>1.05</td> </tr> <tr> <td>Out of County Placements</td> <td>0.500</td> <td>1.06</td> </tr> <tr> <td>Streetscene Cost Pressures</td> <td>0.250</td> <td>1.07</td> </tr> <tr> <td>Reduced Cost Pressures:</td> <td></td> <td></td> </tr> <tr> <td>Aura Leisure and Libraries</td> <td>(0.380)</td> <td>1.08</td> </tr> <tr> <td>Social Care Commissioning</td> <td>(0.476)</td> <td>1.09</td> </tr> <tr> <td>Other Minor Changes</td> <td>(0.153)</td> <td>1.10</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Revised Budget Requirement</td> <td>37.098</td> <td></td> </tr> </tbody> </table>		£M	Paragraph	Budget Requirement - January Report	32.978		Additional Cost Pressures:			Increase in provision for Pay Awards	2.438	1.02	Homelessness Service	1.000	1.03	Corporate Joint Committee	0.090	1.04	School Transport	0.851	1.05	Out of County Placements	0.500	1.06	Streetscene Cost Pressures	0.250	1.07	Reduced Cost Pressures:			Aura Leisure and Libraries	(0.380)	1.08	Social Care Commissioning	(0.476)	1.09	Other Minor Changes	(0.153)	1.10				Total Revised Budget Requirement	37.098	
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1.12	<p>The Welsh Local Government Provisional Settlement</p> <p>The Welsh Local Government Provisional Settlement was announced on 14 December and full details were included in the January report.</p> <p>The provisional Aggregate External Funding (AEF) represents a cash uplift of £19.568m over the 2022/23 amount of £232.179m which is an increase of 8.4%. (All Wales Average is an increase of 7.9%)</p>																																													
1.13	<p>Portfolio Cost Reductions</p> <p>Options for portfolio cost reductions were referred to a series of specific Overview and Scrutiny meetings which were held from the 1st to 15th December 2022 together with relevant cost pressures. Each of the committees also received a complete list of all potential cost reductions for all portfolios for completeness, RAG (Red, Amber, and Green) rated in order of deliverability and risk.</p> <p>No new cost reduction areas were identified at these meetings.</p> <p>Further work has been undertaken on these options and all “green” proposals have been included together with the “amber” proposals that are deemed deliverable at this stage.</p> <p>“Red” options have not been included in 2023/24 although these, and the remaining “Amber” options will need to be taken forward for review as part of the work on 2024/25 and 2025/26.</p> <p>The total amount included from portfolio cost reductions is £4.073m.</p>																																													

	<p>It should be noted that some of these cost reductions amounting to £1.892m relate to the removal of cost pressures from the budget requirement as reported to Scrutiny Committees in December. The remaining cost reductions totalling £2.181m are listed in appendix 4.</p>
1.14	<p>Corporate Financing – Cost Reductions</p> <p><u><i>Employers National Insurance</i></u></p> <p>The rate of National Insurance for employer and employee contributions has been reduced from November 2022 by 1.25%. The impact of this reduction is a positive benefit to the 2023/24 budget of £2.082m which includes an adjustment of £0.751m to the amount of pay inflation previously included and the removal of the pressure included in 2022/23 of £1.331m.</p> <p><u><i>Triennial Actuarial Review of the Clwyd Pension Fund</i></u></p> <p>The triennial review of the Clwyd Pension Fund is reaching its latter stages which will determine employer pension contributions for the next three years.</p> <p>Clwyd Pension Fund Committee approved the Funding Strategy Statement at its meeting on 15th February and individual results have been shared with employing organisations as part of consultation.</p> <p>As the Fund is now more than 100% funded the outcome will make a significant positive contribution to the budget 2023/24 – 2025/26 and the profiling of this benefit over the three years has been carefully considered taking into account affordability and sustainability.</p> <p>As a result, it is recommended that a reduction of £2.650m is included in 2023/24 which will enable further efficiencies to be built into the MTFS in 2024/25 and 2025/26.</p>
1.15	<p>Efficiencies / Cost Reductions – Schools</p> <p>Given the unprecedented scale of the financial challenge the Council has faced this year there has been a need for all portfolios to make cost reductions, and a reduction will also need to be applied to the delegated school budgets.</p> <p>A 3% reduction on delegated school budgets (at 2022/23 level) will be required and this provides a contribution of £3.103m towards the budget requirement.</p> <p>(Para 1.28 provides further analysis of the overall school budgets).</p>
1.16	<p>Council Tax</p> <p>The level of annual increase in Council Tax is a decision for Full Council.</p> <p>Based on the final additional budget requirement of £37.098m an overall annual increase of 3.99% is required on Council Tax for Council Services and 0.96% for additional contributions to North Wales Fire and Rescue Service, Regional Coroners Service and Regional Education Consortium (GwE).</p>

This equates to an overall uplift of 4.95% and provides overall additional yield of £5.622m in 2023/24.

This amounts to an annual increase of £71.75 per annum and brings the amount to £1,521.33 on a Band D equivalent (£1.38 per week equivalent).

Police Precept/Town and Community Councils

The Police Precept and Town and Community Council Precepts for 2023/24 have all been notified to the Council as the Council Tax collection authority and a separate report on the Council agenda later today sets out the formal resolutions.

1.17 Table 2: Summary of Proposed Budget Solutions

	£M
Revised Minimum Additional Budget Requirement (as in Table 1)	37.098
Less:	
Provisional Settlement	(19.568)
Portfolio Efficiencies (Including removal of pressures)	(4.073)
Reversal of National Insurance Increase	(2.082)
Actuarial Valuation	(2.650)
Schools Budgets at 3%	(3.103)
Council Tax (4.95%)	(5.622)
Amount Remaining	0.000

1.18 SUMMARY AND CONCLUSIONS

A legal and balanced budget for 2023/24 can be recommended by Cabinet to Council based on (1) the calculations and assumptions set out above, and (2) the detailed proposed budget as set out below.

1.19 Table 3: Proposed Budget 2023/24

Funding	£m
Aggregate External Funding (AEF) / RSG NNDR	251.747
Council Tax	100.126
SSA/Budget Requirement	351.873
Specific Grants (Appendix 6)	43.012
Total Funding	394.885

Expenditure		£m
	Base Budget Rolled Forward	362.551
	Previous Years Growth/Items Dropping Out (Appendix 1)	0.629
	Inflation (Appendix 2)	18.494
	Pressures & Investments (Appendix 3)	15.333
	<u>Cost Reductions</u>	
	Portfolio (Appendix 4)	(2.181)
	Corporate Financing (Appendix 5)	(7.084)
	<u>Grants</u>	
	Less Specific Grants 2022/23	(35.869)
	Plus Specific Grants 2023/24 (Estimated Appendix 6)	43.012
	Total Expenditure	394.885
	Balance	0.000
	Open Risks 2023/24	
1.20	<p>Pay</p> <p>The proposed budget includes pay inflation for 2023/24 at 5% for both teaching and non-teaching staff. Should national pay agreements conclude at a higher level, this would mean the difference would need to be met from Council Reserves in 2023/24.</p> <p>The outcome of the pay modelling to be undertaken in 2023/24 to address ongoing recruitment and retention challenges represents a further risk which will need to be considered as part of its agreement and prior to implementation.</p>	
1.21	<p>Supreme Court Judgement – Harpur Trust and Brazel</p> <p>The Council has been assessing the outcome and likely implications of the recent Supreme Court Judgement in the above case which may have a financial impact, due to the potential for an amendment to the holiday pay calculations for irregular hour's workers, including those who are contracted to work term time only.</p> <p>Analysis undertaken to date has concluded that there is a cost in 2022/23 of around £0.108m for the term time only element but that there is no additional pressure for 2023/24 anticipated.</p>	

	<p>The cost of £0.108m for 2022/23 may also be subject to a claim for compensation for a period up to 6 years and therefore it may be necessary to set aside a future amount from the contingency reserve.</p> <p>There is a residual risk remaining for additional costs for employees who may be entitled to additional pay due to regular irregular additional hours but this is considered minimal.</p>
1.22	<p>Out of County Placements</p> <p>This remains an open risk as set out in 1.06 above.</p>
1.23	<p>Homelessness</p> <p>This remains an open risk as set out in 1.03 above.</p>
1.24	<p>Emerging Risk – Ukraine resettlement</p> <p>The UK government announced several significant and unexpected changes to the funding programme for Ukraine resettlement and Welsh Government have not yet confirmed the level of financial support available for 2023/24.</p> <p>Cost pressures relating to commitments to rental top ups as we move families out of host and hotel accommodation will need further consideration in 2023/24.</p> <p>There is a risk that if the Welsh Government do not provide the appropriate level of funding for these costs, as such there may be a financial impact on the Council which would need to be met from the Contingency reserve in year.</p>
1.25	<p>Waste Recycling – Infraction Charges</p> <p>Due to the Council not meeting the statutory minimum target for the percentage of municipal waste which must be recycled, prepared for re-use and composted (64% in 2021/22), Welsh Government (WG) can now take steps to impose a penalty on the Council by way of an infraction fine.</p> <p>This has been confirmed as a penalty of up to £0.663m in 2022/23 and is a further potential risk for 2023/24.</p> <p>Discussions are set to take place between WG and the Council as to the reason for not achieving the target and whether the penalty will be levied, so this presents a significant financial risk to the Council.</p>
1.26	<p>On-going Inflationary Impact on Energy and other Costs</p> <p>Market volatility means that the risk of increases in energy cost remains and will need to be kept under review.</p> <p>There is an ongoing risk that the current high level of inflation will impact on suppliers of services and that we will see higher costs as a result.</p>

1.27	<p>Specific Grants</p> <p>We still await confirmation of some specific grants.</p> <p>The most significant is the Sustainable Waste Management Grant which is still to be confirmed on an all Wales basis for 2023/24 onwards.</p> <p>Details of the specific grants we are aware of are at this time are included in Appendix 6.</p>																				
SCHOOL AND SOCIAL CARE BUDGETS																					
1.28	<p>Schools' Budget</p> <p>Ensuring our learners receive the highest standards of education in our schools has always, and continues to be, a priority for the Council. The Council has always sought to protect front line education services (schools' budget) as far as possible.</p> <p>The school's budget is the largest budget within the Council and given the scale of the challenge in setting a balanced budget this year it has not possible to protect the schools budget from reductions this year.</p> <p>However, the Council recognises the increasing demands, challenges, and risks that schools are currently facing.</p> <p>The table below provides the details of an overall increase of 5.3% in funds for education and schools in 2023/24.</p> <p>Table 4: School Budget Adjustments</p> <table border="1" data-bbox="300 1193 1412 1787"> <thead> <tr> <th>Pressures / Cost Reductions</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Teachers Pay Awards (2022/23 & 2023/24)</td> <td>4.518</td> </tr> <tr> <td>Non-teaching Pay Awards (2022/23 & 2023/24)</td> <td>3.201</td> </tr> <tr> <td>Energy Inflation</td> <td>2.236</td> </tr> <tr> <td>Eligibility for Free School Meals</td> <td>0.139</td> </tr> <tr> <td>Demography (increase in learners and complexity of their needs)</td> <td>0.403</td> </tr> <tr> <td>Schools share of the reduction in Employers National Insurance contributions</td> <td>(0.857)</td> </tr> <tr> <td>Schools share of the triennial actuarial review of the Clwyd Pension Fund</td> <td>(0.776)</td> </tr> <tr> <td>3% budget reduction</td> <td>(3.103)</td> </tr> <tr> <td>Total School Pressures & Cost Reductions 2023/24</td> <td>5.761</td> </tr> </tbody> </table> <p>The level of school reserves rose again in the year ending 31st March 2022 mainly due to significant additional grants from Welsh Government to assist schools in managing the effects of the pandemic on learners.</p> <p>Welsh Government have continued to provide significant additional grants during the year and have indicated that some grants will continue into future years.</p>	Pressures / Cost Reductions	£m	Teachers Pay Awards (2022/23 & 2023/24)	4.518	Non-teaching Pay Awards (2022/23 & 2023/24)	3.201	Energy Inflation	2.236	Eligibility for Free School Meals	0.139	Demography (increase in learners and complexity of their needs)	0.403	Schools share of the reduction in Employers National Insurance contributions	(0.857)	Schools share of the triennial actuarial review of the Clwyd Pension Fund	(0.776)	3% budget reduction	(3.103)	Total School Pressures & Cost Reductions 2023/24	5.761
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	<p>The Provisional Settlement received from Welsh Government was higher than the indicative allocation due to a combination of consequential funding arising from UK Budget announcements in the autumn statement (November 2022) and the positive impact of data set adjustments used in the formula.</p> <p>As a result of spending decisions to education in England, the Welsh Government received a consequential of £117m a year in the Autumn Statement. It is understood that £10m of this funding will be issued in specific grants to schools in 2023/24, and that the remaining £107m has been included in the Welsh Local Government Settlement.</p> <p>Whilst it is not possible to state exactly how much of the £107m the Council has received from Welsh Government, our share of the published School Services Indicator Based Assessment (IBA) across Wales is 4.97% (a range of service IBAs are used to calculate each Council's funding from WG).</p> <p>Applying 4.97% to the £107m equates to £5.313m being the best estimate available of the Council's share of the additional education consequential funding. The funding being allocated to schools is £0.448m above this estimate.</p>
1.29	<p>Social Care Budget</p> <p>Within the 2023/24 budget the Council has included a 12.8% increase to the Social Care budget to meet the pressures from Care Commissioners and to support residents. This includes the additional pressure for Out of County Placements which is all in relation to Social Care placements.</p> <p>The Social Care sector remains under pressure from increased demand and inflationary pressures and in recent weeks we have seen the loss of a number of placements for residential care due to the closure of some independent residential care providers. Costs for commissioned care will therefore see significant increases to enable care providers to continue to operate safely and maintain market stability.</p> <p>There exists a continued challenge to recruit and retain Care Workers within the social care sector and particularly in homecare. Whilst the Real Living Wage has been adopted for all registered carers in Flintshire the sector does pay below in terms of hourly pay rates with comparable sectors such as Supermarkets. Homecare is one of the most cost-effective types of social care and service shortages will result in increased pressure and demand on other, more expensive, types of care.</p> <p>The recruitment and retention of experienced Social Workers is a significant challenge which is resulting in a higher turnover of staff and increasing long term vacancies which will result in an increased use of more expensive agency workers. Should social worker vacancies not be filled then safeguarding risks will increase for some of the most vulnerable people within Flintshire.</p> <p>The table below provides the details to the overall increase of 12.8% in funds to Social Care in 2023/24.</p>

Table 5: Social Care Adjustments

Pressures / Cost Reductions	£m
Social Care Pay Awards (2022/23 & 2023/24)	2.423
Social Care Commissioning	7.401
Out of County Placements	1.000
Transition to Adulthood	0.993
Childrens Services Group Homes	0.300
Increased Homecare Capacity	0.150
Special Guardianship Orders	0.050
Social Worker Pay Review	0.179
Less 2023/24 Portfolio Cost Reductions (net of removal of pressures)	(0.101)
Social Care share of the reduction in Employers National Insurance contributions	(0.182)
Social Care share of the triennial actuarial review of the Clwyd Pension Fund	(0.683)
Total Social Care Pressures & Cost Reductions 2023/24	11.530

1.30 RESERVES AND BALANCES**Earmarked Reserves**

The Council holds earmarked reserves which are set aside for specific purposes. Some are restricted in their use by, for example, the terms and conditions of grant where their source is government funding. An update on current projected levels of earmarked reserves shows that the amount is likely to reduce from £12.7m to £8.0m by the end of the 2023/24 financial year as these reserves are 'drawn down' (See Appendix 7).

The Council reviews its remaining earmarked reserves on an ongoing basis, and only those for which there is a strong business case will be retained with the remainder being released for use as part of the Medium-Term Financial Strategy.

1.31 Un-Earmarked Reserves

The Council holds a base level of reserve of £5.769m and this position remains unchanged for 2023/24. This is a relatively low level of base reserves and has not been increased for some time. Levels of unearmarked reserves over and above this figure are referred to as the Contingency Reserve. This reserve is projected to be at £6.464m at year end based on the Month 9 2022/23 budget monitoring report.

The Contingency Reserve is the Council's main 'defence' against in-year cost pressures. It is used to meet the impact of an overall overspend in any given financial year and to mitigate against potential financial risks. The main open risks that the Council will face in 2023/24 are detailed in paras 1.20 – 1.27.

The Council also set aside an emergency fund at the outset of the pandemic which had a balance of £2.066m at 31/03/22 and an additional amount of £3.250m was allocated as part of the 2022/23 budget to safeguard against

	<p>ongoing financial risks from the pandemic following the cessation of the Welsh Government Hardship Fund providing a balance of £5.316m.</p> <p>An amount of £3.722m remains in the fund at this stage and it is projected there will be around £3.1m remaining at the end of the financial year.</p> <p>It is recommended that this Reserve is retained as a safeguard against the continuation of covid sickness cover and addressing existing pressures such as homelessness and to continue to support our partner organisations as they deal with the impact of high energy costs and other uncontrollable factors.</p>
1.32	<p>Formal Advice of the Corporate Finance Manager</p> <p>Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer (for Flintshire this is the Corporate Finance Manager) to report to the Council when it is considering its budget and Council Tax setting on the robustness of the estimates and the adequacy of reserves. The Act requires the Council to have regard to this report in making its decisions on its budget.</p>
1.33	<p>The 2023/24 budget has again been set within the context of the Medium Term Financial Strategy and during a year which has seen significant changes in the economy particularly around very high energy and inflation levels and increasing interest rates. The Council has utilised its Emergency Reserve to deal with some of the legacy impacts of the pandemic.</p>
1.34	<p>For the estimates contained within the budget, all figures are supported by a clear and robust methodology with the cost reduction proposals included considered the more achievable. Higher risk cost reduction options will need to be revisited for 2024/25 and beyond so it is important that the budget is set in the context of the medium term. The cost pressures are supported by evidenced method statements.</p>
1.35	<p>The Council's Reserves and Balances Protocol sets out how the Council will determine, manage and review the level of its Council Fund Balance and earmarked reserves, taking into account legislation and professional guidance. An outcome of this protocol was to report to both Cabinet and Corporate Resources Overview and Scrutiny Committee the level of earmarked reserves held on a quarterly basis. This has been continued throughout 2022/23 through the monthly budget monitoring report, with a detailed challenge of earmarked reserves undertaken throughout Summer 2022 which resulted in an amount of £1.208m being released from earmarked reserves back to the general contingency reserve. This process ensures that members can have a good understanding of all the reserves held by the Council.</p>
1.36	<p>I can confirm the reasonableness of the estimates contained in the proposed budget having regard to the Council's spending needs in 2023/24 and the financial context within which the budget is being set. It is clear that there continue to be some significant open risks within the 2023/24 budget proposals - particularly around pay provision and specific service demands within social care and homelessness services. The increase in our Aggregate External Finance (AEF) for 2023/24 is welcome although the increase still only equates to around 50% of identified cost pressures. The revised</p>

	<p>indicative AEF uplift for 2024/25 is just 3.1%. Therefore, it is important that the Council protects its current level of reserves to safeguard against these risks. Effective and disciplined in-year financial management is essential to ensure that budgets are managed effectively - with prompt action taken to mitigate any impacts should variances occur.</p>
1.37	<p>I recommend that Council should maintain its Base Level of Reserves of £5.769m and retain its contingency reserve in full as a safeguard to manage any in-year cost pressures and variances.</p> <p>As the Base Level has not been increased for a number of years it is recommended that this is reviewed for the 2024/25 budget.</p> <p>In addition, the Emergency Reserve needs to be retained to provide safeguards for the continuing impacts of additional costs and lost income arising from the pandemic.</p>
1.38	<p>The recurring budget proposals do not require the use of temporary reserves which builds on our approach in recent years and the proposed budget is funded on a predominantly recurrent and sustainable basis. This approach was essential in ensuring that we had sufficient reserves available to meet the unexpected higher pay award in 2023/24. The outlook for 2024/25 and beyond shows an essential need to continue with this approach.</p>
1.39	<p>Formal Advice of the Chief Executive</p> <p>My professional advice complements that of the Corporate Finance Manager, as set out above.</p>
1.40	<p>The draft budget as presented follows the Medium-Term Financial Strategy (MTFS) adopted by the Council. It has been developed according to the budget setting model which has been adopted by the Council, and our principles and values.</p>
1.41	<p>We have taken a prudent and balanced approach to our annual budget, as required by law and the principles of good governance, whilst protecting the improvement objectives and public service duties and obligations of the Council. Our budget-setting process is an intricate one with all decisions being carefully risk-assessed.</p>
1.42	<p>We have advised Council throughout that this is a challenging budget set in a period of great economic volatility, much of this is outside of our control. Portfolios have scrutinised their respective service areas closely and in the context of risk considered these and the wider impacts on the council and the communities it serves. There are no further cost reductions or cost efficiencies of scale beyond those reported in stages one and two of the budget-setting process. Council, as advised by Cabinet and the six Overview and Scrutiny Committees, has concurred with this advice and has not asked for any further reviews of corporate or service portfolio budgets to be undertaken to reduce cost provisions. Our strategy for achieving a legal and balanced budget was heavily reliant on the sufficiency of Government funding for local government and public services; the improved provisional settlement at 8.4% is welcomed but falls short and will lead to an increased risk profile for the Council going forward.</p>

1.43	Looking ahead the outlook remains uncertain with energy costs and inflation impacting negatively on the wider economy, although the Bank of England forecasts inflation falling throughout 2024, economic growth will remain weak, and the impacts of Brexit and the Pandemic have still to work through the economic systems, as such the future financial position will continue to remain volatile and subject to many challenges through the coming financial years.																								
1.44	As noted, a number of ‘open risks’ remain to be managed and we will again be challenged to manage our budget in-year throughout 2023/24. Our advice on risk management and how it affects setting a prudent budget needs to be carefully heard.																								
1.45	It is important that we continue to plan for the medium-term and work with Governments on a sustainable funding model for local government avoiding an over-reliance on Council Tax as a form of local income. Positive work on a sustainable funding model does seem to be gaining traction with encouraging discussions coming from within Welsh Government on the funding formula, this is to be welcomed but greater urgency is needed.																								
1.46	<p>Concluding Advice to Close the Budget</p> <p>Council is able to set a legal and balanced budget for 2023/24 based on the calculations and advice set out in this report and can fulfil its collective legal responsibility. All calculations are based on an overall Council Tax rise of 4.95% (3.99% for Council Services and 0.96% for the regional contributions to the North Wales Fire and Rescue Service, the Coroners Service and the Regional Education Consortium GwE).</p>																								
1.47	<p>Medium Term Financial Forecast</p> <p>The financial forecast for the medium-term, for the financial years– 2024/25 – 2025/26, have been reviewed in readiness to update the MTFs. A high-level estimate on the major cost pressures predicted over the next two years following this budget is included in Table 6. The forecast includes (1) potential annual pay awards of 3.5%; (2) commissioning cost pressures within Social Services, and (3) other known cost pressures.</p> <p>The figures below show the minimum budget requirement.</p> <p>Table 6: Medium Term Forecast</p> <table border="1" data-bbox="300 1630 1366 1935"> <thead> <tr> <th data-bbox="300 1630 836 1675">Cost Pressure Group</th> <th data-bbox="836 1630 1102 1675">2024/25 (£m)</th> <th data-bbox="1102 1630 1366 1675">2025/26 (£m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1675 836 1709"></td> <td data-bbox="836 1675 1102 1709"></td> <td data-bbox="1102 1675 1366 1709"></td> </tr> <tr> <td data-bbox="300 1709 836 1742">Pay Inflation</td> <td data-bbox="836 1709 1102 1742">7.084</td> <td data-bbox="1102 1709 1366 1742">7.441</td> </tr> <tr> <td data-bbox="300 1742 836 1776">Non-Pay Inflation</td> <td data-bbox="836 1742 1102 1776">0.776</td> <td data-bbox="1102 1742 1366 1776">0.769</td> </tr> <tr> <td data-bbox="300 1776 836 1809">Social Care Pressures</td> <td data-bbox="836 1776 1102 1809">6.751</td> <td data-bbox="1102 1776 1366 1809">5.656</td> </tr> <tr> <td data-bbox="300 1809 836 1843">Other Pressures</td> <td data-bbox="836 1809 1102 1843">2.376</td> <td data-bbox="1102 1809 1366 1843">1.893</td> </tr> <tr> <td data-bbox="300 1843 836 1888"></td> <td data-bbox="836 1843 1102 1888"></td> <td data-bbox="1102 1843 1366 1888"></td> </tr> <tr> <td data-bbox="300 1888 836 1935">Total</td> <td data-bbox="836 1888 1102 1935">16.987</td> <td data-bbox="1102 1888 1366 1935">15.759</td> </tr> </tbody> </table>	Cost Pressure Group	2024/25 (£m)	2025/26 (£m)				Pay Inflation	7.084	7.441	Non-Pay Inflation	0.776	0.769	Social Care Pressures	6.751	5.656	Other Pressures	2.376	1.893				Total	16.987	15.759
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1.48	The 2023/24 Provisional Settlement included an indicative all-Wales revenue allocations for 2024/25 of 3.1% (Average) for Local Government.																								

	<p>Whilst this an improvement of the indicative amount announced as part of the 2022/23 settlement, this is considerably lower than this year's settlement and will present the Council with a significant challenge over the medium term.</p>
1.49	<p>The timetable for the closing stages of the annual budget setting process is as follows: -</p> <p>23rd February 2023 Council Meeting: Final budget-setting decisions including final agreement on the level of Council Tax and the passing of the Council Tax Resolution</p> <p>1 March 2023: Announcement of the Final Welsh Local Government Settlement.</p> <p>There is one change anticipated to the Final Settlement when it is announced on 1 March. This relates to the Transfer of the Fire and Rescue SCAPE funding into the Revenue Support Grant. This grant relates to Employer Pension Contribution rates for the Firefighter Pension Scheme. This grant will be paid directly by the council to the North Wales Fire and Rescue Authority (NWFRA) therefore there should be no impact on the funding available to the council.</p> <p>If there are any further minor changes it is recommended that a relevant contribution to / from reserves is included as an adjustment to the budget.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2023/24 budget are set out in the report.</p> <p>Capital: there are no new implications for the approved capital programme for either the current financial year or for future financial years.</p> <p>Human Resources: Any implications for increased/reduced capacity within Portfolios are as set out in the report. Any implications for schools would be a consideration for each individual school based on the funding received through the Schools Funding Formula.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT		
3.01	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a</td> </tr> </table>	Long-term	Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a
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	positive and sustainable position for the Council in the longer term.
Prevention	As above
Integration	Neutral Impact
Collaboration	Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts.
Involvement	Communication with Members, residents and other stakeholders throughout the budget process.
Well-Being Goals Impact	
Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for indexation, service demands and new legislation will aid sustainability and support a strong economy that encourages business investment in the region. The opposite will be true if settlements are inadequate.
Resilient Wales	Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate.
Healthier Wales	An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate.
More equal Wales	A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate.
Cohesive Wales	Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate.
Vibrant Wales	As Healthier and Cohesive Wales above
Globally responsible Wales	Neutral impact.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	<p>Member briefings in September/October 2022 Specific Scrutiny meetings December 2022 Workforce Briefings January 2023 Consultation with the principle NNDR payers has been undertaken School Budget Forum Primary and Secondary Headteacher Federations Education Consultative Committee Budget Briefing for Headteachers and Chairs of Governors Group Leader briefings</p>

5.00	APPENDICES
5.01	<p>Appendix 1: Prior Year Decisions Appendix 2: Inflation Appendix 3: Pressures Appendix 4: Cost Reductions - Portfolios Appendix 5: Cost Reductions – Corporate Financing Appendix 6: Specific Grants 2023/24 Appendix 7: Balances & Reserves</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>The series of preparatory budget reports for the 2023/24 financial year. The series of presentations made to Cabinet and Council for the 2023/24 financial year.</p>

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Gary Ferguson, Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p>

Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

Financial Year: the period of 12 months commencing on 1 April.

Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.

BUDGET 2023/24 - COUNCIL FUND REVENUE
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Prior Years Growth / Items Dropping Out	£m
<u>Central & Corporate</u>	
Minimum Revenue Provision	0.301
21C Schools Band B Borrowing Costs	0.028
<u>Governance</u>	
Single Person Discount Scheme	0.300
TOTAL - PRIOR YEARS	0.629

BUDGET 2023/24 - COUNCIL FUND REVENUE
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Inflation	£m
<u>22/23 Pay Inflation</u>	
NJC Pay Award Estimate (Non Schools) - 22/23	2.440
NJC Pay Award Estimate (Schools) - 22/23	1.455
Teachers Pay Award Estimate - Sept - March 22-23	0.659
<u>23/24 Pay Inflation</u>	
NJC Pay Award Estimate (Non Schools)	4.171
NJC Pay Award Estimate (Schools)	1.746
Teachers Pay Award - April to August	1.553
Teachers Pay Award - Sept to March 24	2.306
<u>Service Contract Inflation/National Insurance</u>	
Service Contract Inflation	0.156
<u>Schools Inflation</u>	
Utilities	2.236
<u>Other Inflation</u>	
Fuel Costs	0.372
Regional Education Consortia (GWE)	0.005
Aura - Utilities and Pay	0.670
Utilities - Non Schools	0.391
Parc Adfer Partnership	0.303
Business Systems	0.031
TOTAL - INFLATION	18.494

BUDGET 2023/24 - COUNCIL FUND REVENUE
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Pressures & Investments	£m
<u>Central & Corporate</u>	
North Wales Fire and Rescue - Levy increase	0.881
E-Procurement Tools - Basware	0.021
Internal Insurance Fund	0.325
Corporate Joint Committee Levy	0.171
Support Recharges (Housing Revenue Account/Clwyd Pension Fund)	0.240
Capital Borrowing Costs	0.312
Coroners Service	0.029
SubTotal - Central & Corporate	1.978
<u>Chief Executives</u>	
Social Value Post (0.5 fte)	0.024
SubTotal - Chief Executives	0.024
<u>Education & Youth</u>	
HwB (Ed Tech) Digital Programme Advisor for Schools	0.028
Sub Total - Education & Youth	0.028
<u>Governance</u>	
Independent Remuneration Panel for Wales (IRPW)	0.087
Digital Connectivity Officer	0.043
Education Appeals Post	0.027
Cyber Security Officers	0.053
Ransomware Detection Software	0.046
Consultation and Engagement Software	0.015
Sub Total - Governance	0.270
<u>Housing & Communities</u>	
Homelessness Demand	1.000
Agricultural Estate Rents - Loss of Income	0.040
Sub Total - Housing & Assets	1.040
<u>Out of County Placements</u>	
Out of County Placements	1.000
SubTotal - Out of County Placements	1.000
<u>People & Resources</u>	
Employment Services	(0.035)
Sub Total - People & Resources	(0.035)

Pressures & Investments	£m
<u>Planning, Environment & Economy</u>	
Public Protection Capacity	0.037
Senior Conservation Planner	0.048
Energy Project Co-ordinator	0.059
Climate Change & Carbon Reduction Programme Manager	0.065
Ash Die Back	0.053
Sub Total - Planning, Environment & Economy	0.261
<u>Schools</u>	
Demography	0.403
Free School Meals	0.139
Sub Total - Schools	0.542
<u>Social Services</u>	
Social Care Commissioning	7.401
Social Worker Pay Review	0.179
Transition to Adulthood	0.993
Increased Homecare Capacity	0.150
Special Guardianship Orders	0.050
Children's Services Group Homes	0.300
Sub Total - Social Services	9.073
<u>Streetscene & Transportation</u>	
Garden Waste Income - Static Price	0.050
Reduced Income from recharges to Town & Community Councils	0.075
Security of Household Recycling Centre Sites	0.100
Weed Spraying and Public Conveniences	0.050
Public Events	0.025
School Transport	0.851
Sub Total - Streetscene & Transportation	1.151
TOTAL - PRESSURES & INVESTMENTS	15.333

BUDGET 2023/24 - COUNCIL FUND REVENUE
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Cost Reductions - Portfolio	£m
<u>Central & Corporate</u>	
Central Loans & Investment Account (CLIA)	(0.364)
Total - Central & Corporate	(0.364)
<u>Chief Executives</u>	
Transport Savings	(0.010)
Vacancy Saving	(0.031)
Vacancy Saving - Assets	(0.017)
3rd Sector Budget - Assets	(0.041)
Sub Total - Chief Executives	(0.099)
<u>Education & Youth</u>	
Central Management Budget	(0.060)
Additional Learning Needs Reform - Advocacy	(0.020)
Additional Learning Needs Reform - Legal	(0.010)
Additional Learning Needs - Resource Provision	(0.100)
Early Years Entitlement	(0.095)
Youth Club Buildings	(0.017)
Youth Services	(0.056)
Youth Justice	(0.016)
Sub Total - Education & Youth	(0.374)
<u>Governance</u>	
Member Support Budget	(0.016)
Member Allowances	(0.060)
Central Despatch	(0.022)
Mold and Buckley Connects	(0.060)
Sub Total - Governance	(0.158)
<u>Housing & Communities</u>	
Council Tax Reduction Scheme (CTRS) Reduction	(0.147)
Sub Total - Housing & Communities	(0.147)
<u>People & Resources</u>	
HR&OD - Modern Apprentices	(0.072)
Corporate Finance Vacancy Savings	(0.086)
Corporate Finance - Reduction of Training and Travel	(0.016)
Sub Total - People & Resources	(0.174)

<u>Planning, Environment & Economy</u>	
Admin Team Vacancy	(0.020)
Highways Development Supervision Fee Income	(0.050)
Increase in Development Fee Income	(0.130)
Sub Total - Planning, Environment & Economy	(0.200)
<u>Strategic Programmes</u>	
Newydd	(0.019)
Newydd NI	(0.023)
Sub Total - Strategic Programmes	(0.042)
<u>Social Services</u>	
Contribution to Regional Team	(0.050)
Reduced Contribution to Emergency Duty Team (EDT)	(0.011)
Retendering of Disability Day Services and Workschemes	(0.040)
Sub Total - Social Services	(0.101)
<u>Streetscene & Transportation</u>	
Increase Car Parking Charges	(0.187)
Introduce car parking charges on all other Council owned car parks	(0.035)
Enhanced Enforcement for Recycling	(0.046)
Part-night Street Lighting	(0.018)
Review Provision of Public Conveniences	(0.012)
Fleet Workshop	(0.010)
Training Facility	(0.010)
Waste and Recycling Round Review	(0.075)
Expand, Repair and Reuse Initiative	(0.010)
In-house Highways Services	(0.025)
Review of Security Arrangements in Depot	(0.050)
Apprenticeship/Trainee Scheme	(0.035)
Funeral Services Additional Income	(0.010)
Sub Total - Streetscene & Transportation	(0.523)
TOTAL - EFFICIENCIES	(2.181)

BUDGET 2023/24 - COUNCIL FUND REVENUE	
Efficiencies - Corporate	£m
<u>Corporate Efficiencies</u>	
Actuarial Review	(2.650)
Schools 3% Reduction in delegated funding	(3.103)
Reversal of National Insurance (NI) Increase	(1.331)
Total - Corporate Efficiencies	(7.084)
TOTAL - EFFICIENCIES	(7.084)

BUDGET 2023/24 - COUNCIL FUND REVENUE

Specific Grants	Budget 2022/23 £	Budget 2023/24 £	Variance £	Conf (C) or Est (E)
Education & Youth - Non Delegated				
Promoting Positive Engagement	196,152	196,152	0	C
YOT / Youth Justice Board (inc. JAC)	223,448	223,448	0	E
Welsh Network of Healthy School Schemes	101,380	101,380	0	E
Youth Support Grant (Youth Service Revenue Grant)	469,114	469,114	0	E
Free School Milk	245,891	245,891	0	E
Families First	1,485,772	1,557,706	71,934	C
Pupil Development Grant	5,567,305	5,736,000	168,695	E
Reducing Infant Class Sizes	120,282	0	(120,282)	C
Additional Learning Needs Transformation	34,031	34,031	0	E
Adult Community Learning	244,231	260,000	15,769	E
Feminine Hygiene	124,137	124,137	0	E
Education Improvement Grant for Schools	5,852,651	6,514,861	662,210	E
Universal Primary Free School Meals ***	0	1,136,000	1,136,000	E
Recruit Recover Raise Standards - the Accelerating Learning Programme ****	0	1,667,000	1,667,000	E
Transition support for Minority Ethnic & Gypsy, Roma, Traveller learners	0	417,000	417,000	E
Sub Total - Education & Youth (Non Delegated)	14,664,394	18,682,720	4,018,326	
Education & Youth - Delegated				
6th Form Funding (Formally DCELLs)	4,224,925	4,598,000	373,075	E
Sub Total - Education & Youth (Delegated)	4,224,925	4,598,000	373,075	
Housing & Communities				
Housing Support Grant (formerly Supporting People)	7,828,610	7,845,551	16,941	E
No One Left Out Approach - Homelessness ***	0	381,898	381,898	E
Discretionary Homelessness Prevention ***	0	195,103	195,103	E
Strategic Co-ordinator Post - Homelessness ***	0	60,000	60,000	E
Sub Total - Housing & Communities	7,828,610	8,482,552	653,942	
Planning , Environment & Economy				
Substance Misuse	500,832	517,933	17,101	C
Domestic Abuse Co-ordinator Funding (VAWDASV)	167,674	167,674	0	E
Legacy Fund	127,680	52,924	(74,756)	C
Communities for Work Plus	431,300	812,928	381,628	C
Sub Total - Planning, Environment & Economy	1,227,486	1,551,459	323,973	
Social Services				
Social Care Workforce Development Programme	312,069	312,069	0	E
Flying Start	3,225,513	4,615,694	1,390,181	C
St. David's Day	40,758	40,758	0	C
Childcare & Play	97,877	97,877	0	C
Children and Communities Grant Project Management / Early Help	271,959	37,359	(234,600)	C
Childcare Admin Offer	339,762	339,762	0	E
Funding to Support proposals relating to eliminating profit from the care of looked after Children	0	501,212	501,212	E
Support for the radical reform of the care of looked after children	0	85,878	85,878	E
Sub Total - Social Services	4,287,938	6,030,609	1,742,671	
Strategic Programmes				
Free Swimming	60,750	60,750	0	E
National Exercise Referral	123,750	123,750	0	E
Active Young People	256,500	257,000	500	E
Over 60's	0	30,664	30,664	E
Sub Total - Strategic Programmes	441,000	472,164	31,164	
Streetscene & Transportation				
Concessionary Travel	1,900,000	1,900,000	0	E
Sustainable Waste Management	737,209	737,209	0	TBC **
Bus Service Support Grant	557,000	557,000	0	E
Sub Total - Streetscene & Transportation	3,194,209	3,194,209	0	
TOTAL - GRANTS	35,868,562	43,011,713	7,143,151	

*2023/24 Budget including estimated amounts not final

** This Grant is yet to be confirmed - moving to bid type Grant 2023-24

*** These were new Grants in 2022/23 - received late notification of the Grants in 22/23 and was therefore not able to be included in the figures at the time of setting the budget

**** Unsure of continuation of grant at time of setting 2022/23 budget

BUDGET 2023/24 - COUNCIL FUND REVENUE
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Summary of Council Fund Earmarked Reserves	Est Bal 01/04/23 £m	Est Bal 31/03/24 £m
<u>Service Balances</u>		
Corporate Services	0.357	0.000
Education & Youth	0.061	0.029
Housing & Communities	0.216	0.089
Planning & Environment	0.430	0.000
Social Services	0.118	0.030
Streetscene	0.006	0.000
Total - Service Balances	1.188	0.148
<u>Corporate Balances</u>		
Single Status / Equal Pay	0.855	0.855
General Reserve - Investment in Organisational Change	1.062	0.704
Total Corporate Balances	1.916	1.558
<u>Specific Reserves</u>		
County Elections	0.236	0.236
Local Development Plan	0.242	0.242
Warm Homes Admin Fee	0.202	0.000
Waste Disposal	0.049	0.031
Design Fees	0.125	0.125
Winter Maintenance	0.250	0.250
Severe Weather	0.120	0.120
Insurance Funds	2.350	2.575
School HWB ICT Replacement	0.263	0.263
Flintshire Trainees	0.613	0.524
Plas Derwen Wave 4	0.002	0.002
Supervision Fees	0.049	0.000
IT COVID Enquiry	0.160	0.000
Schools Intervention Reserve	0.434	0.020
Organisational Change/ADM	0.241	0.241
North Wales Economic Ambition Board	0.211	0.000
Solar Farms	0.058	0.000
Employment Claims	0.110	0.110
Community Benefit Fund NWRWTP	0.230	0.220
Grants & Contributions	3.624	1.324
Total Specific Reserves	9.567	6.281
Total Earmarked Reserves	12.671	7.988

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FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Thursday, 23 February 2023
Report Subject	Council Tax Setting for 2023/24
Report Author	Chief Officer (Governance)

EXECUTIVE SUMMARY

At a meeting on 23rd February 2023, a decision will be reached on the Council Fund Revenue Budget for 2023/24. Having determined the budget requirement, which is contained in a separate report, Council will also be able to set the Council Tax which is the subject of this report.

Council Tax includes three separate charges, otherwise known as precepts, which make up the total sum which is charged against each property. These are precepts set by:

- the County Council, and
- the Office of the Police and Crime Commissioner for North Wales, and
- the Town and Community Councils.

Council Tax is usually expressed at a standard Band D rate which results in Council Tax being charged at lower levels for those properties in Bands A to C, and at higher levels for those properties in Band E to I.

For 2023/24, the recommended levels of Council Tax for approval for each property band and for Town and Community Council area are set out in Appendix 1 to this report.

RECOMMENDATIONS

1	Set 2023/24 Council Tax as detailed in Appendix 1.
2	Note and endorse the continuation of the policy of not providing a discount in the level of 2023/24 Council Tax charges for second homes and long-term empty homes, and where exceptions do not apply, to charge the Council Tax Premium rate of 75% above the standard rate of Council Tax for designated long-term empty dwellings and 100% for second homes from 1 st April 2023.
3	Approve designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court for unpaid taxes.

REPORT DETAILS

1.00	EXPLAINING THE COUNCIL TAX SETTING EXERCISE
1.01	The Council Tax charges for 2023/24 include precepts relating to the County Council, Police and Crime Commissioner for North Wales and all Town/Community Councils. There are several statutory decisions that need to be taken and these are divided into the following sections in Appendix 1.
1.02	Section 1 – details the Council Tax Base for 2023/24, as previously approved by Cabinet, and shows the number of properties expressed as Band D equivalents (shown in total and by each Town/Community Council). The Tax Base also takes into account appropriate adjustments for statutory discounts, exemptions, premiums and assumed losses in collection.
1.03	Section 2 – details the income and expenditure of the County Council and Town and Community Councils. It also sets out the amount of Council Tax to be charged across the various Valuation Bands in respect of the County Council precept and each Town/Community Council precept.
1.04	Section 3 – details the specific amount of Council Tax that is to be charged in each Valuation Band as a direct result of the precept set by the Police & Crime Commissioner for North Wales.
1.05	Section 4 – details the standard amount of Council Tax that taxpayers will be required to pay from April 2023, recognising that some households will pay less because of discounts or exemptions and some will pay more in the event of the Council Tax Premium being payable.
1.06	<p>Section 5 – re-affirms the continuation of the current policy in 2023/24 of not granting discounts on second homes and long-term empty properties which are defined by Regulations as three Prescribed Classes of Dwellings:</p> <ul style="list-style-type: none"> • Class A – dwellings which are not a person’s sole and main residence, and which are substantially furnished with a restriction on occupancy for a period of at least 28 days consecutive days in any 12-month period (referred to as second homes) • Class B – dwellings which are not a person’s sole and main residence, and which are substantially furnished with no restriction on occupancy (also referred to as second homes) • Class C – dwellings which are not a person’s sole and main residence which are also unfurnished and unoccupied and have been so for a period of over 6 months in most cases. <p>The current policy of not offering a discount on second and long-term empty homes forms part of a wider strategy of encouraging owners to bring property back into full use. This is crucial to the implementation of the Council Tax Premium scheme where an additional charge, otherwise known as a Premium, will apply. In other words, is it essential to continue</p>

	to adopt of policy of not awarding discounts on such properties in order to levy a Council Tax Premium.
1.07	Section 6 – in view of the decision made by full Council on 13 th December 2022, unless there are exceptions to be applied, Council Tax for 2023/24 will be charged at a premium rate of 75% above the standard rate of Council Tax for those dwellings that are defined as ‘long term empty’ which have been empty for a continuous period of one year. A Council Tax premium of 100% will also apply to those dwellings defined as second homes.
1.08	Section 7 & 8 – approves designated officers to issue legal proceedings and appear on behalf of the Council in the Magistrates Court when prosecuting in cases of unpaid Council Tax and Business Rates.
1.09	Section 9 – provides for the advertisement of the Council Tax for 2023/24 in the local press as required by Regulation.

2.00	RESOURCE IMPLICATIONS
2.01	Setting the Council Tax is an annual process to determine the new charges for the next financial year as part of the overall budget strategy.
2.02	Setting Council Tax at the levels recommended in this report will allow the Council, in respect of its own precept (£100,126,334), to work to a balanced budget after taking into account central government revenue support grants and other income streams.
2.03	As part of the setting of Council Tax for 2023/24, the Council will also pay to the Police and Crime Commissioner for North Wales a total precept of £21,922,318. The precepts for each Town and Community Council vary but collectively a precept £3,421,107 will be distributed between the Town and Community Councils, based on the individual precept requirements for each Town and Community Council.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	There is a statutory duty to consult with non-domestic ratepayers on the Council’s budget proposals, including proposals for capital expenditure, before the commencement of each financial year and a consultation exercise has been undertaken to fulfil the legal requirements.
3.02	The Councils budget agreement for 2023/24 now result in the setting of Council Taxes as detailed in this report. The budget proposals have already been discussed at all Overview and Scrutiny Committees and finally at Corporate Resources Overview and Scrutiny Committee.

4.00	RISK MANAGEMENT
4.01	The Council also has a responsibility to issue Council Tax bills and to also collect the precepts on behalf of the Police & Crime Commission for North Wales and Town/Community Council.
4.02	Setting the Council Tax at full Council will therefore fulfil all statutory requirements to set and collect Council Taxes from April 2023.

5.00	APPENDICES
5.01	Appendix 1 - contains all resolutions and decisions needed to set the 2023/24 Council Tax.
5.02	Appendix 2 - provides statistical information of the 2023/24 Council Tax charges by Town and Community Council area.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Local Government Finance Act 1992 • Local Government Act 1972 and 2003 • Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations • Housing (Wales) Act 2014 <p>Contact Officer: David Barnes, Revenues & Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Council Tax Base: is a measure of the Council's 'taxable capacity' taking into account the number of properties subject to Council Tax after taking into account discount and exemption schemes.</p> <p>Council Tax Precepts: Council Tax is made up of three separate components or charges, these are often referred to as 'precepts'. The Police and Crime Commissioner get part of their funding from Council Tax to pay for Police services and local Town and Community Councils rely almost entirely on funding from Council Tax to fund the running of Town and Community Council services.</p> <p>Valuation Bands: The amount of Council Tax that is paid depends on the Valuation Band for each domestic property. The Valuation Office Agency Page 40 (VOA) is responsible for valuing all properties in Wales and placing every property in one of nine property bands, ranging from Band A to Band I.</p>

Council Fund Revenue Budget: Prior to the start of each financial year the Council is required to set a budget for its day-to-day expenditure to pay for local service. This is called a Revenue Budget and is the amount of money the Council requires to provide its services during the year, considering grants it receives from Welsh Government.

Revenue Support Grant: is paid to each Council to cover the cost of providing standard services less the council tax income at the standard level.

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**STATUTORY & OTHER NECESSARY COUNCIL TAX
RESOLUTIONS FOR 2023/24**

1. That it be noted that at its meeting on 20th December 2022 the Council calculated interim amounts, subsequently modified as follows, for the year 2023/24 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

65,815 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Wales Regulations 1995, as its Council Tax base for the year, broken down into the following Town/Community areas :-

Argoed	2,547.81
Bagillt	1,470.89
Broughton & Bretton	2,760.78
Brynford	482.42
Buckley	6,744.92
Caerwys	650.69
Cilcain	751.83
Connahs Quay	6,218.73
Flint	5,041.16
Gwernaffield & Pantymwyn	1,032.13
Gwernymynydd	590.74
Halkyn	1,363.63
Hawarden	6,390.19
Higher Kinnerton	893.72
Holywell	3,403.23
Hope	1,853.48
Leeswood	857.00
Llanasa	2,023.97
Llanfynydd	892.45
Mold	4,508.13
Mostyn	716.22
Nannerch	286.96
Nercwys	304.71
Northop	1,584.76
Northop Hall	842.98
Penyffordd	2,220.75
Queensferry	712.04
Saltney	1,953.65
Sealand	1,458.01
Shotton	2,202.35
Trelawnyd & Gwaenysgor	425.04
Treuddyn	763.80
Whitford	1,178.07
Ysceifiog	687.76
TOTAL TAX BASE	65,815.00

Being the amounts calculated in accordance with regulation 6 of the Regulations as the amounts of its Council Tax base for the year for dwelling in those parts of its area to which special items relate.

2. That the following amounts be now calculated by the Council for the year 2023/24 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2013 :-
 - (a) Aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a)-(d) (including Community Council precepts totalling £3,421,107) £473,492,433
 - (b) Aggregate of the amounts which the Council estimates for items set out in Section 32 (3) (a) and 32 (3) (c). £118,198,465
 - (c) Amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above calculated in accordance with Section 32 (4) as the budget requirement for the year. £355,293,968
 - (d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant or Additional Grant. £251,746,527
 - (e) The amount at 2(c) above less the amount at 2(d) above, all divided by the amount at section 1 above, calculated in accordance with Section 33 (1) as the basic amount of Council Tax for the year. £1,573.31
 - (f) Aggregate amount of all special items referred to in Section 34 (1). £3,421,107
 - (g) Amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at section 1 above calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate. £1,521.33
 - (h) The amounts given by adding to the amount at 2(g) above the amounts of special items relating to dwellings in those part of the Council's area mentioned below, divided in each case by the amount at 1(b) above, calculated in accordance with Section 34(3) as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which special items relate. £0.00

**FLINTSHIRE COUNTY COUNCIL CHARGES (BAND D) 2023/24
(Including Community/Town Councils)**

	£
Argoed	1553.01
Bagillt	1552.41
Broughton & Bretton	1568.90
Brynford	1585.95
Buckley	1571.19
Caerwys	1584.72
Cilcain	1561.90
Connahs Quay	1583.72
Flint	1569.80
Gwernaffield & Pantymwyn	1555.24
Gwernymynydd	1552.73
Halkyn	1558.00
Hawarden	1568.89
Higher Kinnerton	1561.65
Holywell	1602.14
Hope	1587.58
Leeswood	1603.01
Llanasa	1554.09
Llanfynydd	1559.56
Mold	1588.87
Mostyn	1568.80
Nannerch	1574.33
Nercwys	1585.33
Northop	1545.63
Northop Hall	1560.35
Penyffordd	1575.15
Queensferry	1574.70
Saltney	1564.30
Sealand	1563.85
Shotton	1602.11
Trelawnyd & Gwaenysgor	1583.16
Treuddyn	1571.08
Whitford	1571.41
Ysceifiog	1566.07

- (i) The amounts given by multiplying the amounts at 2(h) above by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	1035.34	1207.90	1380.45	1553.01	1898.12	2243.24	2588.35	3106.02	3623.69
Bagillt	1034.94	1207.43	1379.92	1552.41	1897.39	2242.37	2587.35	3104.82	3622.29
Broughton & Bretton	1045.93	1220.26	1394.57	1568.90	1917.54	2266.19	2614.83	3137.80	3660.77
Brynford	1057.30	1233.52	1409.73	1585.95	1938.38	2290.82	2643.25	3171.90	3700.55
Buckley	1047.46	1222.04	1396.61	1571.19	1920.34	2269.50	2618.65	3142.38	3666.11
Caerwys	1056.48	1232.56	1408.64	1584.72	1936.88	2289.04	2641.20	3169.44	3697.68
Cilcain	1041.27	1214.81	1388.35	1561.90	1908.99	2256.08	2603.17	3123.80	3644.43
Connahs Quay	1055.81	1231.79	1407.75	1583.72	1935.65	2287.60	2639.53	3167.44	3695.35
Flint	1046.53	1220.96	1395.37	1569.80	1918.64	2267.49	2616.33	3139.60	3662.87
Gwernaffield & Pantymwyn	1036.83	1209.63	1382.43	1555.24	1900.85	2246.46	2592.07	3110.48	3628.89
Gwernymynydd	1035.15	1207.68	1380.20	1552.73	1897.78	2242.84	2587.88	3105.46	3623.04
Halkyn	1038.67	1211.78	1384.89	1558.00	1904.22	2250.45	2596.67	3116.00	3635.33
Hawarden	1045.93	1220.25	1394.57	1568.89	1917.53	2266.18	2614.82	3137.78	3660.74
Higher Kinnerton	1041.10	1214.62	1388.13	1561.65	1908.68	2255.72	2602.75	3123.30	3643.85
Holywell	1068.09	1246.11	1424.12	1602.14	1958.17	2314.21	2670.23	3204.28	3738.33
Hope	1058.39	1234.79	1411.18	1587.58	1940.37	2293.17	2645.97	3175.16	3704.35
Leeswood	1068.67	1246.79	1424.89	1603.01	1959.23	2315.46	2671.68	3206.02	3740.36
Llanasa	1036.06	1208.74	1381.41	1554.09	1899.44	2244.80	2590.15	3108.18	3626.21
Llanfynydd	1039.71	1212.99	1386.27	1559.56	1906.13	2252.70	2599.27	3119.12	3638.97
Mold	1059.25	1235.79	1412.33	1588.87	1941.95	2295.04	2648.12	3177.74	3707.36
Mostyn	1045.87	1220.18	1394.49	1568.80	1917.42	2266.05	2614.67	3137.60	3660.53
Nannerch	1049.55	1224.48	1399.40	1574.33	1924.18	2274.04	2623.88	3148.66	3673.44
Nercwys	1056.89	1233.04	1409.18	1585.33	1937.62	2289.92	2642.22	3170.66	3699.10
Northop	1030.42	1202.16	1373.89	1545.63	1889.10	2232.58	2576.05	3091.26	3606.47
Northop Hall	1040.23	1213.61	1386.97	1560.35	1907.09	2253.84	2600.58	3120.70	3640.82
Penyffordd	1050.10	1225.12	1400.13	1575.15	1925.18	2275.22	2625.25	3150.30	3675.35
Queensferry	1049.80	1224.77	1399.73	1574.70	1924.63	2274.57	2624.50	3149.40	3674.30
Saltney	1042.87	1216.68	1390.49	1564.30	1911.92	2259.55	2607.17	3128.60	3650.03
Sealand	1042.57	1216.33	1390.09	1563.85	1911.37	2258.90	2606.42	3127.70	3648.98
Shotton	1068.07	1246.09	1424.09	1602.11	1958.13	2314.16	2670.18	3204.22	3738.26
Trelawnyd & Gwaenysgor	1055.44	1231.35	1407.25	1583.16	1934.97	2286.79	2638.60	3166.32	3694.04
Treuddyn	1047.39	1221.95	1396.51	1571.08	1920.21	2269.34	2618.47	3142.16	3665.85
Whitford	1047.61	1222.21	1396.81	1571.41	1920.61	2269.82	2619.02	3142.82	3666.62
Ysceifiog	1044.05	1218.06	1392.06	1566.07	1914.08	2262.10	2610.12	3132.14	3654.16

3. That it be noted that for the year 2023/24 the Police and Crime Panel for North Wales have stated the following amounts in precepts issued to the Council, amounting to a total precept of £21,922,318 in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below :-

Council Tax	Valuation Bands								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
	222.06	259.07	296.08	333.09	407.11	481.13	555.15	666.18	777.21

4. Having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2023/24 for each of the categories of dwellings shown below:

Area	VALUATION BANDS								
	A £	B £	C £	D £	E £	F £	G £	H £	I £
Argoed	1257.40	1466.97	1676.53	1886.10	2305.23	2724.37	3143.50	3772.20	4400.90
Bagillt	1257.00	1466.50	1676.00	1885.50	2304.50	2723.50	3142.50	3771.00	4399.50
Broughton & Bretton	1267.99	1479.33	1690.65	1901.99	2324.65	2747.32	3169.98	3803.98	4437.98
Brynford	1279.36	1492.59	1705.81	1919.04	2345.49	2771.95	3198.40	3838.08	4477.76
Buckley	1269.52	1481.11	1692.69	1904.28	2327.45	2750.63	3173.80	3808.56	4443.32
Caerwys	1278.54	1491.63	1704.72	1917.81	2343.99	2770.17	3196.35	3835.62	4474.89
Cilcain	1263.33	1473.88	1684.43	1894.99	2316.10	2737.21	3158.32	3789.98	4421.64
Connahs Quay	1277.87	1490.86	1703.83	1916.81	2342.76	2768.73	3194.68	3833.62	4472.56
Flint	1268.59	1480.03	1691.45	1902.89	2325.75	2748.62	3171.48	3805.78	4440.08
Gwernaffield & Pantymwyn	1258.89	1468.70	1678.51	1888.33	2307.96	2727.59	3147.22	3776.66	4406.10
Gwernymynydd	1257.21	1466.75	1676.28	1885.82	2304.89	2723.97	3143.03	3771.64	4400.25
Halkyn	1260.73	1470.85	1680.97	1891.09	2311.33	2731.58	3151.82	3782.18	4412.54
Hawarden	1267.99	1479.32	1690.65	1901.98	2324.64	2747.31	3169.97	3803.96	4437.95
Higher Kinnerton	1263.16	1473.69	1684.21	1894.74	2315.79	2736.85	3157.90	3789.48	4421.06
Holywell	1290.15	1505.18	1720.20	1935.23	2365.28	2795.34	3225.38	3870.46	4515.54
Hope	1280.45	1493.86	1707.26	1920.67	2347.48	2774.30	3201.12	3841.34	4481.56
Leeswood	1290.73	1505.86	1720.97	1936.10	2366.34	2796.59	3226.83	3872.20	4517.57
Llanasa	1258.12	1467.81	1677.49	1887.18	2306.55	2725.93	3145.30	3774.36	4403.42
Llanfynydd	1261.77	1472.06	1682.35	1892.65	2313.24	2733.83	3154.42	3785.30	4416.18
Mold	1281.31	1494.86	1708.41	1921.96	2349.06	2776.17	3203.27	3843.92	4484.57
Mostyn	1267.93	1479.25	1690.57	1901.89	2324.53	2747.18	3169.82	3803.78	4437.74
Nannerch	1271.61	1483.55	1695.48	1907.42	2331.29	2755.17	3179.03	3814.84	4450.65
Nercwys	1278.95	1492.11	1705.26	1918.42	2344.73	2771.05	3197.37	3836.84	4476.31
Northop	1252.48	1461.23	1669.97	1878.72	2296.21	2713.71	3131.20	3757.44	4383.68
Northop Hall	1262.29	1472.68	1683.05	1893.44	2314.20	2734.97	3155.73	3786.88	4418.03
Penyffordd	1272.16	1484.19	1696.21	1908.24	2332.29	2756.35	3180.40	3816.48	4452.56
Queensferry	1271.86	1483.84	1695.81	1907.79	2331.74	2755.70	3179.65	3815.58	4451.51
Saltney	1264.93	1475.75	1686.57	1897.39	2319.03	2740.68	3162.32	3794.78	4427.24
Sealand	1264.63	1475.40	1686.17	1896.94	2318.48	2740.03	3161.57	3793.88	4426.19
Shotton	1290.13	1505.16	1720.17	1935.20	2365.24	2795.29	3225.33	3870.40	4515.47
Trelawnyd & Gwaenysgor	1277.50	1490.42	1703.33	1916.25	2342.08	2767.92	3193.75	3832.50	4471.25
Treuddyn	1269.45	1481.02	1692.59	1904.17	2327.32	2750.47	3173.62	3808.34	4443.06
Whitford	1269.67	1481.28	1692.89	1904.50	2327.72	2750.95	3174.17	3809.00	4443.83
Ysceifiog	1266.11	1477.13	1688.14	1899.16	2321.19	2743.23	3165.27	3798.32	4431.37

5. In line with the existing policy of the Council, that for 2023/24, in accordance with Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of the Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, no discounts shall be granted to second homes subject to Council Tax which are unoccupied and furnished, (defined as Prescribed Classes A and B) and long term empty and unfurnished properties (defined as Prescribed Class C)
6. In accordance with section 12a and 12b of the Local Government Finance Act 1992, as inserted by section 139 of the Housing Act 2014, by virtue of a determination made at Council on 13th December 2022, the Council Tax Premium scheme will continue to apply from 1st April 2023. Therefore, from 1st April 2023, unless there are exceptions to be applied in line with The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015, Council Tax shall be charged at a premium rate of 100% above the standard rate of Council Tax for those dwellings that are defined as 'second homes'. A Council Tax premium of 75% will also apply to those dwellings defined as 'long term empty' which have been empty for a continuous period of one year.
7. Authorisations - Council Tax
 - a) That the holders of the posts of Revenues & Procurement Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Lead Revenues Officer, Revenue Officers, Civil Enforcement Officers, be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings and to appear on behalf of the County Council at the hearing of any legal proceedings in the Magistrates Court by way of an application for the issue of a Liability Order in respect of unpaid Council Taxes and penalties under Part VI of the Council Tax (Administration and Enforcement) Regulations 1992; to require financial information to make an Attachment of Earnings Order; to levy the appropriate amount by taking control of goods and sale of goods; and to exercise all other enforcement powers of the County Council under the Council Tax (Administration and Enforcements) Regulations 1992 and any subsequent amendments of such Regulations.
8. Authorisations - National Non-Domestic Rates
 - a) That the holders of the posts of Revenues & Procurement Manager, Team Manager for Council Tax and Business Rates Assessment, Team Manager for Collection and Enforcement, Lead Revenues Officer, Revenue Officers, Civil Enforcement Officers be authorised under Section 223 of the Local Government Act 1972 to issue legal proceedings in the Magistrates Courts by way of application for the issue of a liability order in respect of unpaid rates; by way of an application for the issue of a warrant of commitment and to exercise all other powers of enforcement of the County Council under the Non-Domestic (Collection and Enforcement) (Local Lists) Regulations 1989 and any amendment thereto.
9. That notices of the making of the said Council Taxes for 2023/24, signed by the Council's Corporate Finance Manager/Section 151 officer, be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.

Appendix 2

2023/24 Council Tax Charges

Amounts in Town / Community Council order

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Argoed	31.68	1,521.33	333.09	1,886.10
Bagillt	31.08	1,521.33	333.09	1,885.50
Broughton & Bretton	47.57	1,521.33	333.09	1,901.99
Brynford	64.62	1,521.33	333.09	1,919.04
Buckley	49.86	1,521.33	333.09	1,904.28
Caerwys	63.39	1,521.33	333.09	1,917.81
Cilcain	40.57	1,521.33	333.09	1,894.99
Connahs Quay	62.39	1,521.33	333.09	1,916.81
Flint	48.47	1,521.33	333.09	1,902.89
Gwernaffield & Pantymwyn	33.91	1,521.33	333.09	1,888.33
Gwernymynydd	31.40	1,521.33	333.09	1,885.82
Halkyn	36.67	1,521.33	333.09	1,891.09
Hawarden	47.56	1,521.33	333.09	1,901.98
Higher Kinnerton	40.32	1,521.33	333.09	1,894.74
Holywell	80.81	1,521.33	333.09	1,935.23
Hope	66.25	1,521.33	333.09	1,920.67
Leeswood	81.68	1,521.33	333.09	1,936.10
Llanasa	32.76	1,521.33	333.09	1,887.18
Llanfynydd	38.23	1,521.33	333.09	1,892.65
Mold	67.54	1,521.33	333.09	1,921.96
Mostyn	47.47	1,521.33	333.09	1,901.89
Nannerch	53.00	1,521.33	333.09	1,907.42
Nercwys	64.00	1,521.33	333.09	1,918.42
Northop	24.30	1,521.33	333.09	1,878.72
Northop Hall	39.02	1,521.33	333.09	1,893.44
Penyffordd	53.82	1,521.33	333.09	1,908.24
Queensferry	53.37	1,521.33	333.09	1,907.79
Saltney	42.97	1,521.33	333.09	1,897.39
Sealand	42.52	1,521.33	333.09	1,896.94
Shotton	80.78	1,521.33	333.09	1,935.20
Trelawnyd & Gwaenysgor	61.83	1,521.33	333.09	1,916.25
Treuddyn	49.75	1,521.33	333.09	1,904.17
Whitford	50.08	1,521.33	333.09	1,904.50
Ysceifiog	44.74	1,521.33	333.09	1,899.16

Appendix 2

2023/24 Council Tax Charges

Lowest to Highest Amounts by Town/Community Council

Community Councils	BAND D			
	Community	Flintshire	Police	Total
	£	£	£	£
Northop	24.30	1,521.33	333.09	1,878.72
Bagillt	31.08	1,521.33	333.09	1,885.50
Gwernymynydd	31.40	1,521.33	333.09	1,885.82
Argoed	31.68	1,521.33	333.09	1,886.10
Llanasa	32.76	1,521.33	333.09	1,887.18
Gwernaffield & Pantymwyn	33.91	1,521.33	333.09	1,888.33
Halkyn	36.67	1,521.33	333.09	1,891.09
Llanfynydd	38.23	1,521.33	333.09	1,892.65
Northop Hall	39.02	1,521.33	333.09	1,893.44
Higher Kinnerton	40.32	1,521.33	333.09	1,894.74
Cilcain	40.57	1,521.33	333.09	1,894.99
Sealand	42.52	1,521.33	333.09	1,896.94
Saltney	42.97	1,521.33	333.09	1,897.39
Ysceifiog	44.74	1,521.33	333.09	1,899.16
Mostyn	47.47	1,521.33	333.09	1,901.89
Hawarden	47.56	1,521.33	333.09	1,901.98
Broughton & Bretton	47.57	1,521.33	333.09	1,901.99
Flint	48.47	1,521.33	333.09	1,902.89
Treuddyn	49.75	1,521.33	333.09	1,904.17
Buckley	49.86	1,521.33	333.09	1,904.28
Whitford	50.08	1,521.33	333.09	1,904.50
Nannerch	53.00	1,521.33	333.09	1,907.42
Queensferry	53.37	1,521.33	333.09	1,907.79
Penyffordd	53.82	1,521.33	333.09	1,908.24
Trelawnyd & Gwaenysgor	61.83	1,521.33	333.09	1,916.25
Connahs Quay	62.39	1,521.33	333.09	1,916.81
Caerwys	63.39	1,521.33	333.09	1,917.81
Nercwys	64.00	1,521.33	333.09	1,918.42
Brynford	64.62	1,521.33	333.09	1,919.04
Hope	66.25	1,521.33	333.09	1,920.67
Mold	67.54	1,521.33	333.09	1,921.96
Shotton	80.78	1,521.33	333.09	1,935.20
Holywell	80.81	1,521.33	333.09	1,935.23
Leeswood	81.68	1,521.33	333.09	1,936.10

Appendix 2

2023/24 Council Tax Charges

% Amounts in Town / Community Council order

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Argoed	0.00	4.95	5.14
Bagillt	0.00	4.95	5.14
Broughton & Bretton	9.56	4.95	5.14
Brynford	4.56	4.95	5.14
Buckley	3.19	4.95	5.14
Caerwys	8.67	4.95	5.14
Cilcain	-0.10	4.95	5.14
Connahs Quay	7.38	4.95	5.14
Flint	0.00	4.95	5.14
Gwernaffield & Pantymwyn	-0.38	4.95	5.14
Gwernymynydd	3.15	4.95	5.14
Halkyn	-1.40	4.95	5.14
Hawarden	9.01	4.95	5.14
Higher Kinnerton	-5.88	4.95	5.14
Holywell	7.18	4.95	5.14
Hope	8.32	4.95	5.14
Leeswood	14.88	4.95	5.14
Llanasa	-2.24	4.95	5.14
Llanfynydd	0.00	4.95	5.14
Mold	4.50	4.95	5.14
Mostyn	10.96	4.95	5.14
Nannerch	1.92	4.95	5.14
Nercwys	1.30	4.95	5.14
Northop	-0.29	4.95	5.14
Northop Hall	4.00	4.95	5.14
Penyffordd	0.00	4.95	5.14
Queensferry	-1.28	4.95	5.14
Saltney	0.00	4.95	5.14
Sealand	-3.10	4.95	5.14
Shotton	55.20	4.95	5.14
Trelawnyd & Gwaenysgor	3.45	4.95	5.14
Treuddyn	1.63	4.95	5.14
Whitford	4.66	4.95	5.14
Ysceifiog	7.60	4.95	5.14

Appendix 2

2023/24 Council Tax Charges

Lowest to Highest % amounts

Community Councils	BAND D		
	Community	Flintshire	Police
	%	%	%
Higher Kinnerton	-5.88	4.95	5.14
Sealand	-3.10	4.95	5.14
Llanasa	-2.24	4.95	5.14
Halkyn	-1.40	4.95	5.14
Queensferry	-1.28	4.95	5.14
Gwernaffield & Pantymwyn	-0.38	4.95	5.14
Northop	-0.29	4.95	5.14
Cilcain	-0.10	4.95	5.14
Argoed	0.00	4.95	5.14
Bagillt	0.00	4.95	5.14
Flint	0.00	4.95	5.14
Llanfynydd	0.00	4.95	5.14
Penyffordd	0.00	4.95	5.14
Saltney	0.00	4.95	5.14
Nercwys	1.30	4.95	5.14
Treuddyn	1.63	4.95	5.14
Nannerch	1.92	4.95	5.14
Gwernymynydd	3.15	4.95	5.14
Buckley	3.19	4.95	5.14
Trelawnyd & Gwaenysgor	3.45	4.95	5.14
Northop Hall	4.00	4.95	5.14
Mold	4.50	4.95	5.14
Brynford	4.56	4.95	5.14
Whitford	4.66	4.95	5.14
Holywell	7.18	4.95	5.14
Connahs Quay	7.38	4.95	5.14
Ysceifiog	7.60	4.95	5.14
Hope	8.32	4.95	5.14
Caerwys	8.67	4.95	5.14
Hawarden	9.01	4.95	5.14
Broughton & Bretton	9.56	4.95	5.14
Mostyn	10.96	4.95	5.14
Leeswood	14.88	4.95	5.14
Shotton	55.20	4.95	5.14



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Thursday, 23 rd February 2023
Report Subject	Treasury Management Strategy 2023/24 Treasury Management Policy Statement, Practices and Schedules 2023 to 2026
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents for approval the Treasury Management Strategy 2023/24, which is included as Appendix 1, in conjunction with:

- Treasury Management Policy Statement 2023 to 2026 (Appendix 2)
- Treasury Management Practices and Schedules 2023 to 2026 (Appendices 3 and 4)

The Governance and Audit Committee considered and reviewed the Strategy, Policy, Practices and Schedules at their meeting on 25th January. There was no feedback required to be reported to Cabinet at their meeting this morning. The Cabinet report is attached as Appendix 5.

Following consideration by Cabinet a verbal update will be provided at the meeting on any specific comments or changes.

RECOMMENDATION

1	Members approve the following documents: <ul style="list-style-type: none"> • Treasury Management Strategy 2023/24 • Treasury Management Policy Statement 2023 to 2026 • Treasury Management Practices and Schedules 2023 to 2026
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REPORT DETAILS

1.00	BACKGROUND TO THE REPORT
1.01	The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
1.02	<p>The Council has adopted The CIPFA Code of Practice which requires:-</p> <ul style="list-style-type: none"> • The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its Treasury Management activities. • The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled. • The Council to create and maintain suitable investment management practices (IMPs) for investments that are not for treasury management purposes, within the TMP's. • The Council to receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. • Responsibility for treasury management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's Standard of Professional Practice on Treasury Management. • A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management function. The Governance and Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.
1.03	The Welsh Government issue guidance on local authority investments that requires the Council to prepare an investment strategy before the start of

	each financial year. The guidance was updated in November 2019 and came into force from 1 st April 2020.
1.04	In preparation for approving the 2023/24 Treasury Management Strategy, training for all Members was held on 7 th December 2022. The workshop, presented by Arlingclose, the Council's treasury management advisors, covered: 1) the regulatory framework and the role of the elected Member in scrutinising the treasury management function; 2) an overview of the Council's treasury position and future; 3) a section on capital expenditure and financing, borrowing and debt restructuring; 4) a section on risk management and economic outlook, and 5) investment management.
1.05	As required by the Council's Financial Procedure Rules, the Strategy was reviewed by Governance and Audit Committee on 25 th January and was considered by Cabinet earlier today. Cabinet's recommendations will be reported at this meeting.

2.00	RESOURCE IMPLICATIONS
2.01	As per attached report (Appendix 5).

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As per attached report (Appendix 5).

4.00	CONSULTATIONS REQUIRED AND UNDERTAKEN
4.01	As per attached report (Appendix 5).

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Treasury Management Strategy 2023/24 2. Treasury Management Policy 2023 to 2026 3. Treasury Management Practices and Schedules 2023 to 2026 – part 1 4. Treasury Management Practices and Schedules 2023 to 2026 – part 2 5. Report to Cabinet 23rd February, 2023

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: Christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	As per attached report (Appendix 5).



FLINTSHIRE COUNTY COUNCIL

**TREASURY MANAGEMENT
STRATEGY**

2023/24

CONTENTS

<u>Section</u>		<u>Page</u>
1.0	Introduction	1
2.0	Economic Context	1
3.0	Current Treasury Portfolio	4
4.0	Local Context	5
5.0	Borrowing Strategy	7
6.0	Treasury Investment Strategy	10
7.0	Treasury Management Prudential Indicators	15
8.0	Other Matters	16
APPENDIX A – Debt Maturity Profile		20
APPENDIX B – Additional Requirements of Welsh Government Guidance		21

Treasury Management Strategy Report 2023/24

The Council is recommended to:

- Adopt CIPFA's Treasury Management in the Public Services: Code of Practice 2021 edition (the CIPFA Code)
- approve the Treasury Management Strategy for 2023/24
- approve the Treasury Management Indicators for 2023/24

1.0 Introduction

In April 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice, 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.

The Institute published a revised version of the CIPFA code in December 2021. The Council is requested to formally adopt the Treasury Management in the Public Services: Code of Practice 2021 edition.

In addition, the Welsh Government (WG) issues guidance on local authority investments that requires the Council to approve an investment strategy before the start of each financial year. WG updated this guidance in November 2019.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and WG Guidance.

The successful identification, monitoring and control of risk are central to the Council's Treasury Management Strategy as the Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the loss of invested funds and the revenue impact of changing interest rates.

In accordance with WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large, unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance.

2.0 Economic Context (including interest rate forecast) – as provided by Arlingclose Ltd, December 2022

Economic background: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate

tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

Credit outlook: Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.

The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

Yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20 year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Table 1: Interest rate forecast

	Bank Rate	3-month Money Market Rate	5-year Gilt Yield	20-year Gilt Yield	50-year Gilt Yield
Q1 2023	3.50	3.00	3.43	3.86	3.46
Q2 2023	4.00	4.40	3.60	3.85	3.60
Q3 2023	4.25	4.40	3.80	3.85	3.60
Q4 2023	4.25	4.40	3.80	3.85	3.60
Q1 2024	4.25	4.35	3.80	3.85	3.60
Q2 2024	4.25	4.30	3.70	3.85	3.60
Q3 2024	4.00	4.25	3.60	3.85	3.60
Q4 2024	3.75	4.00	3.50	3.85	3.60
Q1 2025	3.50	3.75	3.40	3.85	3.60
Q2 2025	3.25	3.50	3.30	3.85	3.60
Q3 2025	3.28	3.40	3.30	3.85	3.60

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 3.9%, and that new long-term loans will be borrowed at an average rate of 4.6%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2022 was as follows:

Table 2: Current Treasury Portfolio

	Principal £m	Interest rate %
Investments:		
Call accounts	1.0	0.80
Money market funds	17.4	3.28
Short-term deposits	10.0	3.34
Long-term deposits	0.0	n/a
Total Investments	28.4	
Borrowing:		
Short-term loans	0.0	n/a
Long-term PWLB loans (fixed)	268.4	4.60
Long-term market loans (LOBOs)	18.9	4.53
Other Government loans	4.4	0.00
Total Borrowing	291.7	
Net Borrowing	263.3	

4.0 Local Context

Forecast changes in the sums in section 3 are shown in the balance sheet analysis in the table below.

Table 3: Balance Sheet Summary and Forecast

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Estimate £m	31.3.25 Estimate £m	31.3.26 Estimate £m
Council Fund Capital Financing Requirement (Borrowing only)	217	220	240	262	274
Housing Revenue Account Capital Financing Requirement (Borrowing only)	132	134	143	154	161
Capital Financing Requirement (Borrowing only)	349	354	383	416	435
Less: Current ST borrowing	(10)	(290)	(285)	(278)	(273)
Less: Current LT borrowing	(294)				
Funding Required	45	64	98	138	162
Less: Usable reserves	(109)	(78)	(59)	(52)	(49)
Adj: Working capital	14	10	10	10	10
Investments / (New borrowing)	50	4	(49)	(96)	(123)

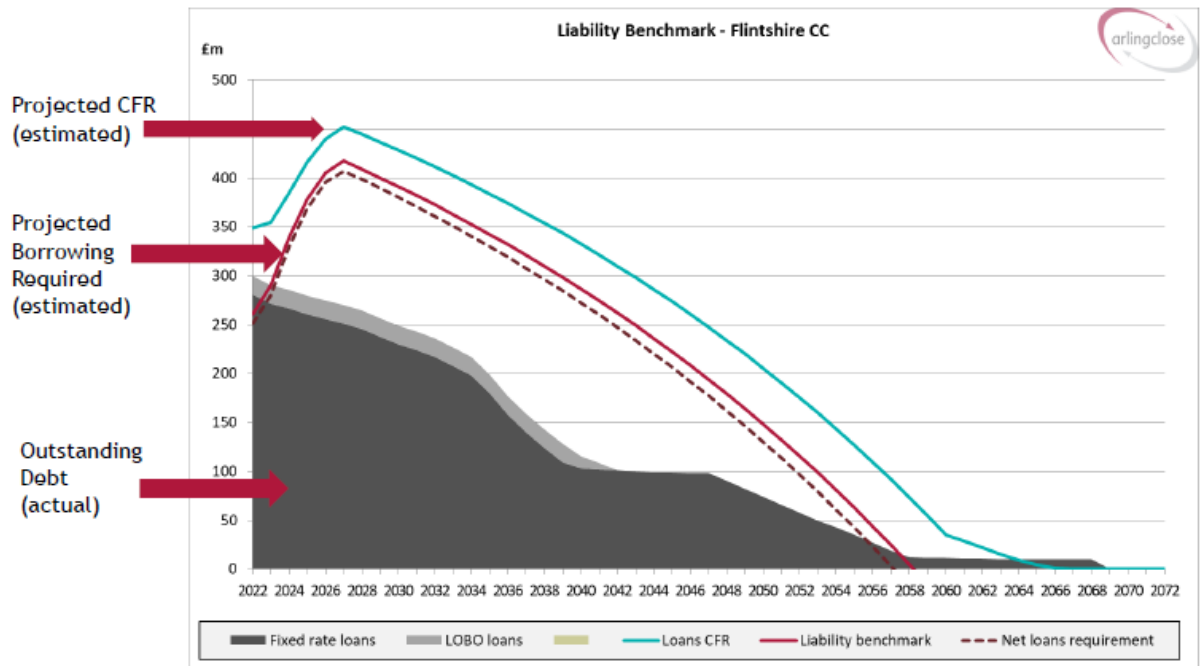
The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

Table 3 shows the Council's CFR increases during 2023/23, this is linked with the capital programme (examples of schemes funded by borrowing include the Sustainable Communities for Learning schools programme, redevelopment of Theatr Clwyd and the HRA capital programme, which includes building new social housing). The level of reserves the Council has is expected to fall in 2022/23 as funding earmarked for specific purposes falls due for payment. The combination of the increase in capital expenditure and a reduction in reserves, results in a sustained requirement for new borrowing over the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 3 above, but that cash and investment balances are kept to a minimum level to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 4: Liability Benchmark - Flintshire County Council (December 2022)



The graph in Table 4 shows the Council’s anticipated liability benchmark over the next 50 years, being the net requirement for borrowing after considering resources available from reserves and working capital. The rise in the liability benchmark corresponds with the need to borrow to fund the increase in capital expenditure described above. The strategy in 2023/24, the same as in previous years, is to ensure that any new borrowing undertaken does not exceed the liability benchmark and cause the council to borrow more than it needs.

Budget implications

The budget for investment income in 2023/24 is £1.2m, based on an average investment portfolio of £30.4m at an average interest rate of 3.9%. The budget for interest on long-term loans in 2023/24 is £14.4m, based on long-term loans of £331m at an average interest rate of 4.55%. The budget for interest on short-term loans is £1.8m based on an average of the costs for the last 3 years. Interest paid will be apportioned between the Council Fund and the HRA. If levels of investments, borrowing and interest rates differ from those forecast, performance against budget will be correspondingly different.

5.0 Borrowing Strategy

As at 31st December 2022, the Council held £291.7m of long-term loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in section 4 shows that the Council expects to need to undertake new borrowing during 2023/24.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which the funds are required. The flexibility to renegotiate loans, should the Council's long-term plans change, is a secondary objective.

The Council's capital expenditure plans will continue to be monitored throughout 2023/24 to inform and confirm the Council's long-term borrowing need (figures in section 4 are an estimate). This is to ensure that the Council does not commit to long-term borrowing too early and borrow unnecessarily which will be costly. The use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to use internal resources and to borrow short-term instead.

By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk, credit risk as a result of bail-in legislation in particular. The benefit of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when the long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.

The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow for short periods of time to cover unexpected cash flow shortages.

Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Clwyd Pension Fund)
- insurance companies
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- WG Mutual Investment Model

Municipal Bonds Agency:

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council

LOBOs

The Council holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years.

Short-term and Variable Rate loans

As at 31st December 2022, the Council held no short term (temporary) loans.

Any short-term loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators in section 7. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Planned borrowing strategy for 2023/24

The Corporate Finance Manager will:

- Manage the Council's debt maturity profile, i.e., to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council as at 31st December 2022.
- Effect any borrowing that may be required in 2023/24 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- Monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

The Corporate Finance Manager will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions and actions taken under delegated powers to Cabinet via the Governance and Audit Committee.

6.0 Treasury Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure, plus balances and reserves held. In the past 12 months, the Council's treasury average investment balance was £50.2m with similar or slightly lower levels expected to be maintained in the forthcoming year.

Non-treasury investments, including loans to subsidiaries and purchases of investment property, are not normally considered to be treasury investments, and these are therefore covered separately in Appendix B.

Both the CIPFA Code and the WG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy

As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

ESG policy:

Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Investment criteria and limits

The Council may invest its surplus funds with any of the counterparties in the following table, subject to the monetary and time limits shown.

Table 5: Treasury investment counterparties and limits

This table must be read in conjunction with the notes below

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£4m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£1m	£5m
Real estate investment trusts	n/a	£1m	£1m
Other investments *	5 years	£2m	£10m

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors, including external advice, will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £100k per counterparty as part of a diversified pool.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher

of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Welsh Government. As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts (REITs): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than

made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "negative watch") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of "high credit quality" are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Specified investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of 'high credit quality'.

The Council defines 'high credit quality' organisations as those having a credit rating of A- or higher that are, domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

Non-Specified Investments

Any financial investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in the table below. The Council confirms that its current non-specified investments remain within these limits.

Table 6: Non-Specified Investment Limits

	Cash Limit
Total invested in pooled funds without credit rating	£5m
Shares in real estate investment trusts	£1m
Shares in local organisations	£1m
Total non-specified investments	£7m

Foreign countries

Investments in foreign countries will be limited to a maximum of £5 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term

investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Business models

Under the new International Financial Reporting Standard (IFRS) 9, the accounting for certain investments depends on the Council's 'business model' for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

7.0 Treasury Management Prudential Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. The Council is asked to approve the following indicators:

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	2023/24 £m	2024/25 £m	2025/26 £m
Upper limit on one-year revenue impact of a 1% rise in interest rates	0.114	0.166	0.213
Upper limit on one-year revenue impact of a 1% fall in interest rates	0.032	0.024	(0.023)

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper
Under 12 months	0%	20%
12 months and within 24 months	0%	20%
24 months and within five years	0%	30%
Five years and within 10 years	0%	50%
10 years and above	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term treasury management investments:

The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26
Limit on total principal invested beyond year end	£5m	£5m	£5m

Any long-term investments carried forward from previous years will be included in each year’s limit.

Borrowing limits

The Council is being asked to approve these Prudential Indicators as part of the Capital Strategy report. However, they are repeated here for completeness.

	2023/24	2024/25	2025/26
Operational boundary – borrowing	£383m	£419m	£439m
Operational boundary – other long-term liabilities	<u>£20m</u>	<u>£20m</u>	<u>£20m</u>
Operational boundary – TOTAL	£403m	£439m	£459m
Authorised limit – borrowing	£403m	£439m	£459m
Authorised limit – other long-term liabilities	<u>£35m</u>	<u>£35m</u>	<u>£35m</u>
Authorised limit – TOTAL	£438m	£474m	£494m

8.0 Other Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial derivatives:

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded

derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Policy on Apportioning Interest to HRA

The Council has adopted a single pool of loans which funds the capital expenditure of both Council Fund and HRA activities. The interest payable and other costs/income arising from long term loans (e.g., premiums and discounts on early redemption) is apportioned between the revenue accounts using the average Capital Financing Requirement (which measures the underlying need to borrow to fund capital expenditure) during the year.

Given that the HRA has minimal level of reserves compared to the total level of reserves held by the Council, any interest received on investments will be credited to the Council Fund revenue account.

Markets in Financial Instruments Directive

The Council has opted up to professional client with its providers of financial services, including advisers, banks, and brokers, allowing it access to a range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Finance Manager believes this to be the most appropriate status.

Welsh Government Guidance

The WG Investment Guidance requires the Council to note the following matters each year as part of the investment strategy:

Treasury Management Advisers: The Council's treasury management adviser, Arlingclose continues to provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,

- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of this service is controlled by Financial Procedure Rules and Contract Procedure Rules.

Capacity and skills training

The needs of the Council's treasury management team for training in treasury management are assessed as part of the employee appraisal process, and additionally when the responsibilities of individual members of the treasury team change.

Employees regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant employees are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

Training for elected Members is provided by Arlingclose on an annual basis and by the treasury management team on an ongoing basis.

Training ensures that those elected members and statutory officers involved in the investments decision-making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. assess individual investments in the context of the strategic objectives and risk profile of the Council; and 3. understand how the quantum of these decisions have changed the overall risk exposure of the Council.

The Council is reviewing steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Investment of Money Borrowed in Advance of Need

Welsh Government guidance states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

The Council will not borrow more than or in advance of their needs to profit from the investment but may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money for example in a climate of rising interest rates. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £438 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Climate change

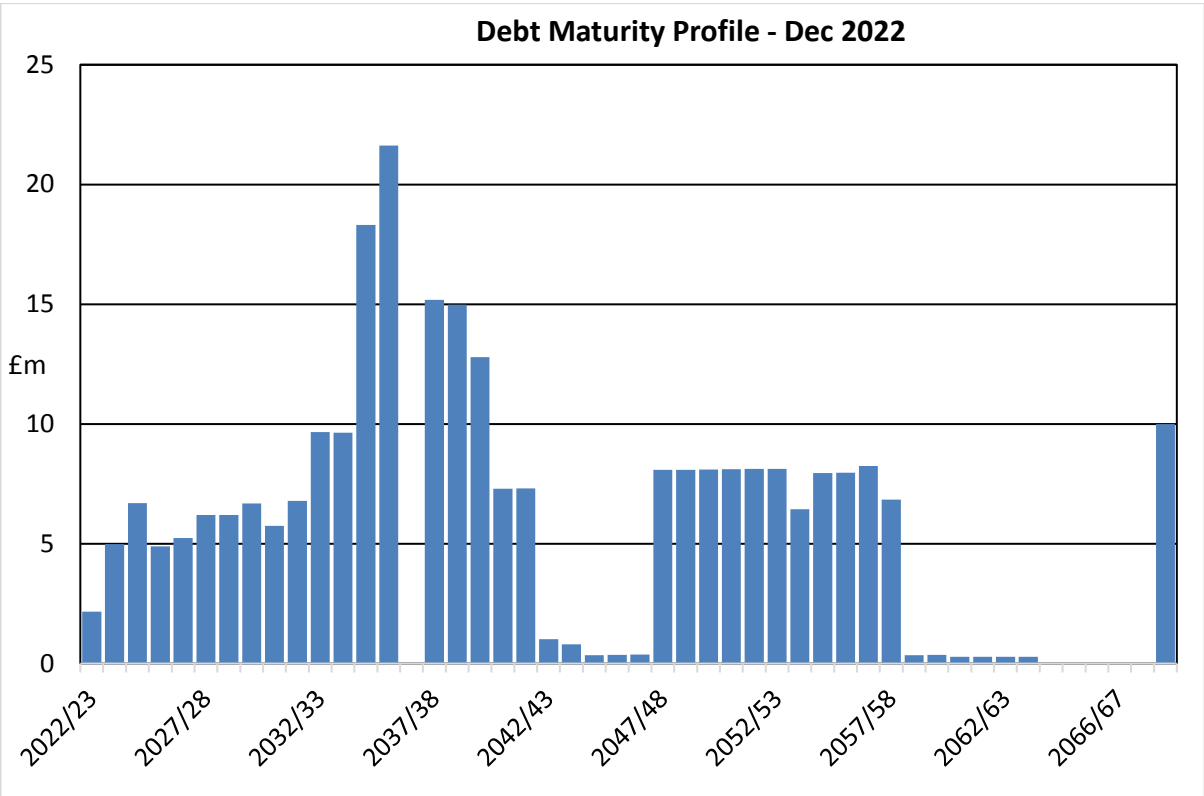
WG has set out its legal commitment to achieve net zero emissions by 2050 and work towards a net zero public sector in Wales by 2030. One of the Council's key priorities within the Council Plan is to become a net zero carbon Council by 2030. The Council has developed a Climate Change Strategy and action plan which sets the initial route map to support this wider decarbonisation actions across the County. The Council will continue to reviewing with Arlingclose what options are available for investments that support a low carbon economy.

Other Options Considered

The WG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Finance Manager believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in the following table.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter periods.	Interest income will be lower	Reduced risk of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer periods.	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

APPENDIX A – DEBT MATURITY PROFILE



APPENDIX B: Additional requirements of Welsh Government Investment Guidance – Non-Treasury Investments

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities and covers investments that are not part of treasury management. In this appendix the Council sets out the information required to comply with the WG guidance for non-treasury investments.

The Council has given loans to wholly owned companies for service purposes and has historical non-financial investments in property defined as Investment Properties within the Council's Statement of Accounts. The Council considers both to be non-treasury investments.

Loans to Wholly Owned Subsidiaries

The WG guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

Contribution

The Council's investments in the form of loans to wholly owned companies contribute to its service delivery objectives and/or to promote wellbeing as follows:

The Council has embarked on an ambitious house building programme as part of its Strategic Housing and Regeneration Programme (SHARP). Over a 5-year period 500 new homes will be built at a range of sites across the county, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.

Affordable homes are being developed through the Council's wholly owned subsidiary North East Wales Homes Limited (NEW Homes) in partnership with the Council. Affordable homes for rent are built or purchased by NEW Homes funded by loans from the Council. New affordable homes for rent have been built in Flint, Penyffordd (Holywell), Dobshell, Bryn-y-Baal, Northop and Saltney.

Controls and Limits

The Council considers that its financial exposure to loans to wholly owned companies is proportionate and has set the limits in table B1. The Council's loan book is currently within these self-assessed limits.

NEW Homes was established on 3rd April 2014 to own, lease and manage properties with the aim of increasing the quantity and quality of affordable housing across the county.

NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The Council has a high level of control over NEW Homes as the single shareholder, approving:

- the issue of share capital
- the distribution of trading surplus
- the annual business plan
- any asset disposals
- any borrowing against assets
- appointment of directors to the board

Table B1: Loan limits

Borrower	Cash Limit
Wholly owned companies	£40m
Treasury management investments meeting the definition of a loan	Unlimited

The Council, as required, has considered allowing for an ‘expected credit loss’ model for loans and receivables as set out in IFRS 9: *Financial Instruments*, as adopted by proper practices, to measure the credit risk of its loan portfolio. When calculated, the expected credit loss was very small. Given the high level of control the Council has over NEW Homes and the security arrangements, the Council decided against setting up a provision for expected credit loss from the loans to NEW Homes.

Appropriate consideration is given to state aid rules and competition law. The Council sought specific legal and finance advice to ensure existing and future loans are compliant with State Aid regulations. The rates applied are below what NEW Homes would receive on the open market, and therefore are granted to NEW Homes under the Services of General Economic Interest Decision (a State Aid exemption). Arrangements are in place to monitor and ensure that the amount of aid granted through the loan does not exceed the net cost of providing the Service of General Economic Interest. A deed of entrustment is in place to clearly set out the requirements of both parties.

Liquidity

The Council has borrowed from the PWLB to on-lend at a small margin to NEW Homes on the same terms and conditions, therefore the impact on the Council’s Treasury Management activities is limited.

The length of the loans has been determined by assessing the cash flow of each housing development scheme to ensure over the long-term affordable rents are sufficient to repay borrowing, interest, management costs, cyclical maintenance costs and reasonable allowances for voids and bad debts. Most schemes require an annuity loan commitment of 45 years, the maximum the Council would commit to is 50 years.

Agreements are in place ensuring that the Council has security on all NEW Homes properties which includes properties built using the loan funding and also other properties that NEW Homes owns outright (acquired from developers as part of Section 106 Planning Act agreements to provide affordable housing). In the event of a default, the Council could either sell the properties to repay its borrowing or include them within the Housing Revenue Account and continue to rent at social housing rent levels.

Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The Council accepts that the invested funds have been invested in NEW Homes for the length of the loans – approx. 45 years – and cannot readily be accessed for other purposes.

Yield (net profit)

The loans generate a small income for the Council as there is a margin of approx. 0.25% charged to NEW Homes on the Council’s borrowing rate from the PWLB. The income makes a very small contribution to achieving a balanced revenue budget. The yield as a proportion of net revenue budget is less than 0.015%.

Investment Properties

The Welsh Government guidance includes an investment category covering non-financial assets held primarily or partially to generate a profit, primarily investment property. Proper accounting practice defines an investment property as those that are held solely to earn rent and / or for capital appreciation.

The Council has a portfolio of investment properties, in the form of agricultural property and industrial units. Although these are classified as investment properties, they are legacy assets, and the council is managing down its agricultural portfolio and is reviewing its position in regard to industrial units.

Contribution

The Council’s investments, in the form of investment properties, contribute to its service delivery objectives and/or to promote wellbeing by providing a net financial surplus that is reinvested into local public services.

Security

The Welsh Government guidance requires that security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: *Investment Property*, as adapted by proper practices.

As the Council’s investment portfolio is of a historic nature, built up over many years, property purchase prices are not readily available to compare with current fair values. The table below shows the fair values of the current portfolio over the last 5 years demonstrating that the historic capital invested has remained stable over the past 5 years.

Table B2: Fair Value of Investment Properties

	31.3.2022 £m	31.3.2021 £m	31.3.2020 £m	31.3.2019 £m	31.3.2018 £m
Fair Value Inv. Properties	27.6	25.2	25.0	25.2	25.2

Liquidity

The Council's investment properties are historical investment decisions and therefore will have limited impact on the Council's liquidity. No recent investment has taken place in investment properties, and therefore there is no recent borrowing associated.

Yield (net profit)

The profit generated by investment activity makes a small contribution to achieving a balanced revenue budget. Table B3 below details the extent to which funding expenditure to meet the service delivery objectives and or promote wellbeing in the Council is dependent on achieving the expected yield over the life cycle of the Medium-Term Financial Plan.

Table B3: Proportionality of Investment Properties

	2021/22 Actual £m	2022/23 Budget £m	2023/24 Budget £m
Net Revenue Budget	297.457	326.682	346.251
Net Investment income	1.63	1.69	1.69
Proportion	0.55%	0.52%	0.49%



FLINTSHIRE COUNTY COUNCIL

**TREASURY MANAGEMENT
POLICY STATEMENT**

2023 – 2026

1.0 TREASURY MANAGEMENT POLICY STATEMENT

The Council defines the policies and objectives of its treasury management activities as follows: -

- 1.1 "The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, responsible investment, where possible and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.4 The Council greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.
- 1.5 The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003* and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes to interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.
- 1.6 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.
- 1.7 The Council will have regard to Welsh Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations in which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.
- 1.8 The Council has adopted the 2021 edition of the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of

Practice and its required clauses in section 2 below.

2.0 CLAUSES FORMALLY ADOPTED

CIPFA recommends that all public service organisations adopt, as part of their formal policy documents the following four clauses.

2.01 The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

2.02 The Council will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs and IMPs.

2.03 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement, TMPs and IMPs, CIPFA's Standard of Professional Practice on Treasury Management.

2.04 The Council nominates the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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TREASURY MANAGEMENT PRACTICES

Part 1: Main Principles

2023 - 2026

Flintshire County Council

Treasury Management Practices 2023 – 2026

TREASURY MANAGEMENT PRACTICES

Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury and non-treasury management policies and objectives and how it will manage and control those activities.

	Page
Treasury Management Practices (TMPs)	2
TMP 1 Treasury risk management	3
TMP 2 Performance Measurement	5
TMP 3 Decision-making and analysis	5
TMP 4 Approved instruments, methods and techniques	6
TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements	6
TMP 6 Reporting requirements and management information arrangements	7
TMP 7 Budgeting, accounting and audit arrangements	7
TMP 8 Cash and cash flow management	8
TMP 9 Money laundering	8
TMP 10 Training and qualifications	8
TMP 11 Use of external service providers	9
TMP 12 Corporate governance	9

TMP1 TREASURY RISK MANAGEMENT

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investments.

The Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] Credit and counterparty risk management

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document.

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

The Council's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the organisation.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with

Treasury Management Practices 2023 – 2026

TMP6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications. It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs, and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Inflation risk management

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole Council's inflation exposures.

[6] Refinancing risk management

The Council will ensure that its borrowing and other long-term liabilities are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

[7] Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1.1 credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on it.

Treasury Management Practices 2023 – 2026

[8] Operational risk, including fraud, error and corruption

The Council will ensure that it has identified the circumstances that may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, it will employ suitable systems and procedures and will maintain effective contingency management arrangements to these ends.

[9] Price risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

[10] Non-treasury investments

Commercial Investments - Changes in tenant demand may impact the income levels. This will be identified through monthly budget monitoring.

Service Investments - The Council, as required, has considered allowing for an 'expected credit loss' model for loans and receivables as set out in IFRS 9: *Financial Instruments*.

TMP2 PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of value for money in its treasury and non-treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury and non-treasury management functions will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury and non-treasury management function will be measured using the criteria set out in the schedule to this document. The criteria will include measures of effective treasury risk management and not only measures of financial performance (income or savings).

TMP3 DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its treasury and non-treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for accountability, e.g., demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1, Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice (to include that of its Treasury Management advisors) and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The Council has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council is required, as a result of lack of resources or other circumstances, to depart from these principles, the Chief Finance Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The Chief Finance Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The Chief Finance Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Chief Finance Officer in respect of treasury management are

Treasury Management Practices 2023 – 2026

set out in the schedule to this document. The Chief Finance Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

Non-treasury investments - NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The Council has a high level of control over NEW Homes as the single shareholder. Arrangements for each investment as TMP3 above.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The County Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

In addition to the above, the Governance and Audit Committee will receive regular monitoring reports on treasury management activities and risks. Governance and Audit Committee will also have responsibility for the scrutiny of treasury management policies and practices.

Treasury management indicators will be reported in the strategy report. The present arrangements and the form of these reports are detailed in the schedule to this document.

Non-treasury investments - Reported on a regular basis through the appropriate Committees cycles.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Chief Finance Officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at

Treasury Management Practices 2023 – 2026

minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques. The Chief Finance Officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Chief Finance Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Chief Finance Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. The present arrangements are detailed in the schedule to this document.

TMP10 TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the treasury and non-treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Chief Finance Officer will recommend and implement the necessary arrangements.

The Chief Finance Officer will ensure that committee/council members tasked with treasury and non-treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for treasury management decisions remains with it at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Chief Finance Officer, and details of the current arrangements are set out in the schedule to this document.

TMP12 CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

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TREASURY MANAGEMENT PRACTICES

Part 2: Schedules

2023 - 2026

Flintshire County Council

Treasury Management Practice Schedules 2023 - 2026

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by the Council

	Page
Treasury Management Practices – Schedules	2
Treasury Management Definitions	
TMP 1 Risk management	3
TMP 2 Performance Measurement	10
TMP 3 Decision-making and analysis	11
TMP 4 Approved instruments, methods and techniques	13
TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements	15
TMP 6 Reporting requirements and management information Arrangements	19
TMP 7 Budgeting, accounting and audit arrangements	22
TMP 8 Cash and cash flow management	23
TMP 9 Money laundering	24
TMP 10 Staff training and qualifications	24
TMP 11 Use of external service providers	25
TMP 12 Corporate governance	26
Appendix A – Definition of ratings	26

TREASURY MANAGEMENT DEFINITIONS

Treasury Management is defined by CIPFA as

‘The management of the Council’s borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.’

‘Investments’ covers all the financial assets of the Council, as well as other non-financial assets which the Council holds primarily or partially to generate a profit, including but not limited to commercial property. Investments will be categorised in accordance with the primary purpose of the investment.

- Treasury management investments are those investments that arise from the Council’s cash flows or treasury risk management activity and ultimately represent balances that need to be invested until the cash is required for use in the course of business.
- Service investments are those held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. They may or may not involve financial returns.
- Commercial investments are those held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

Service and commercial investments assets are not managed as part of the Council’s normal treasury management or under treasury management delegations, but they nonetheless require appropriate investment and risk management under the Code; separate Investment Management Practices (IMPs) are therefore included in this document, specific to these investments.

TMP1 RISK MANAGEMENT

1 Credit & Counterparty Policies

1. Criteria to be used for creating/managing approved counterparty lists/limits -
 - The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.
 - Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties. The complete list is available in the Technical Accountancy Section. It should be noted that not all of these

Treasury Management Practice Schedules 2023 - 2026

counterparties will be used. This depends on whether they are in the market at the time of investment and whether they are offering competitive rates.

- The Council will use credit criteria in order to select creditworthy counterparties for placing investments.
- Credit ratings will be used as supplied from a selection of credit rating agencies.
- The minimum level of credit rating for an approved counterparty will be as follows: -

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£4m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£1m	£5m
Real estate investment trusts	n/a	£1m	£1m
Other investments *	5 years	£2m	£10m

A definition of the ratings can be found in Appendix A.

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £100k per counterparty as part of a diversified pool.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the

Treasury Management Practice Schedules 2023 - 2026

UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price

Treasury Management Practice Schedules 2023 - 2026

reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Specified investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Council defines 'high credit quality' organisations as those having a credit rating of A- or higher that are, domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Non-Specified Investments

Any financial investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in the table below. The Council confirms that its current non-specified investments remain within these limits.

Treasury Management Practice Schedules 2023 - 2026

	Cash Limit
Total invested in pooled funds without credit rating	£5m
Shares in real estate investment trusts	£1m
Shares in local organisations	£1m
Total non-specified investments	£7m

Foreign countries

Investments in foreign countries will be limited to a maximum of £5 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

2. Approved methodology for changing limits and adding/removing counterparties

Credit ratings for individual counterparties can change at any time. The Chief Finance Officer is responsible for applying the stated credit rating criteria in 1.1 for selecting approved counterparties and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g., on mergers or take-overs. The Chief Finance Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g., on mergers or take-overs in accordance with the criteria in 1.1.

3. Details of Credit Rating Agencies' services or other services which provide current credit ratings and updates on changes.

- Ratings from Fitch, Moody's or Standard & Poor's are updated monthly by the Council's treasury management adviser; however, they will provide immediate notification of any changes which affect Flintshire County Council counterparties. If a counterparty no longer meets the investment criteria, no further investments will be made with that counterparty and consideration will be given to recalling the monies. If a counterparty is being reviewed for a possible downgrade outside the criteria no more investments will be made.
- The Council's treasury management adviser will also inform the Chief Finance Officer of any other market information that they have (e.g., Credit Default Swap prices, news reports and opinion, balance sheet analysis in the absence of credit ratings) which may require credit ratings to be overridden and no further investment to be made with that counterparty.

4. Environmental, Social & Governance (ESG) Policy

The Council is committed to invest responsibly. As such when investing, we will consider environmental, social and governance factors alongside the financial factors. Where possible ESG investments will be maximised. However,

Treasury Management Practice Schedules 2023 - 2026

security, liquidity and yield will still be prioritised and investments must still be diversified.

1.2 Liquidity

1. Amounts of approved minimum cash balances and short-term investments

- The Council manages its cash balances on a daily basis, dependent upon cash flow demands. The objective is to achieve a zero cash balance each day unless it is uneconomic to do so (e.g., it may cost more to send an investment to a counterparty and recall the next day than to keep the funds in the account overnight to cover the following days payments). Otherwise, a zero balance will be achieved as far as possible by means of temporary investments, borrowing or use of call accounts. Temporary investments are cash flow driven with the objective of ensuring that future temporary borrowing is minimised.

2. Details of:

- Standby facilities - short-term borrowing undertaken.
- Short-term borrowing facilities - short term borrowing will be arranged for any overdrawn balance through the money market if no call money is available.
- Insurance/guarantee facilities - not required.
- Other contingency arrangements - negotiations with the Council's bankers.
- Call accounts and money market funds (subject to ratings and sector limits).

1.3 Interest Rate

1. Details of approved interest rate exposure limits

A fall in interest rates is beneficial for variable rate debt and short-term borrowing which needs to be refinanced, but not for variable rate investments. Conversely, a rise in interest rates is beneficial for short-term investments which can be reinvested at higher rates but will be a cost for variable rate borrowing or short-term borrowing which needs to be refinanced.

The Council sets an Interest Rate Risk indicator as part of its Treasury Management Strategy to control exposure to interest rate risk. This is set as-

Interest rate risk indicator	2023/24 £m	2024/25 £m	2025/26 £m
Upper limit on one-year revenue impact of a 1% rise in interest rates	0.114	0.166	0.213
Upper limit on one-year revenue impact of a 1% fall in interest rates	0.032	0.024	(0.023)

2. Trigger points and other guidelines for managing changes to interest rate levels

Treasury Management Practice Schedules 2023 - 2026

- This is monitored in conjunction with the Council's treasury advisers through the London money market on a daily basis.
- The management of a balanced investment portfolio which retains a mix of long-term investments (fixed rate) and shorter term (variable rate) investments which are variable to protect against interest risk.

1.4 Exchange Rate

Approved criteria for managing changes in exchange rate levels -

- The Council does not make payments or receive foreign currency in sufficient levels that warrant currency management e.g., hedging

1.5 Inflation

Guidelines for managing changes to inflation rate levels

- This is monitored in conjunction with the Council's treasury advisers through monthly economic updates.

1.6 Refinancing

1. Debt/other capital financing maturity profiling, policies and practices.
 - To manage the Council's debt maturity profile i.e., to leave no one future year with a high level of repayments that could cause problems in re-borrowing.
2. Projected capital investment requirements.
 - The borrowing requirement is determined as part of the Capital Programme.
3. Policy concerning limits on revenue consequences of capital financing.
 - This is part of the ongoing budget monitoring process
4. Policy where the Council provides financial guarantees to third parties.
 - These are recorded and regularly reassessed as to the probability they will be called upon.
5. To assist with long-term borrowing decision making the Council creates, with advice and assistance from its treasury advisor, a 'Liability Benchmark' [LB] which is the lowest risk level of borrowing. The LB is an important tool which takes into account maturing loans and represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Treasury Management Practice Schedules 2023 - 2026

The LB is represented as a graph in the annual treasury management strategy. It will be updated regularly through the year by the Council in conjunction with the treasury management advisors with developments and/or timing changes in the capital programme as well as changes to balance sheet resources.

Based on the output of the Liability Benchmark and the Council's outlook on interest rates, any longer-term borrowing will be undertaken in accordance with the Code and will comply with the Council's Prudential Indicators and the Annual Treasury Management Strategy.

6. The Council's debt portfolio includes loans borrowed on a Lender's Option Borrower's Option (LOBO) basis.

The call dates for each LOBO loan are referenced to the LOBO documentation.

Prior to each call date, the Council will evaluate alternative funding sources for comparable interest rates/maturities.

If the Lender exercises the call option (directly or via the broker) for a revision to the terms of the loan, the Council will thoroughly evaluate the new terms and additionally seek advice from the Council's advisor.

It is important to remain within the timescale for the Council to exercise its option should the call be made, but not be rushed into a decision.

1.7 Legal & Regulatory

References to relevant statutes and regulations

- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach statute, external regulations or the Council's Financial Procedures.
- The Council's legal powers and regulatory requirements come from –
 - ❖ Local Government Act 2003 http://www.opsi.gov.uk/acts/acts2003/pdf/ukpga_20030026_en.pdf
 - ❖ Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (and subsequent amending regulations) http://www.opsi.gov.uk/legislation/wales/wsi2003/wsi_20033239_en.pdf
 - ❖ Welsh Government "Guidance on Local Government Investments" <https://gov.wales/local-government-investments-guidance>
 - ❖ CIPFA "Treasury Management in the Public Services Code of Practice"
 - ❖ CIPFA "Prudential Code for Capital Finance in Local Authorities"

Treasury Management Practice Schedules 2023 - 2026

Hard copies are available in Technical Accountancy.

1.8 Fraud, error and corruption, and contingency management

1. Details of systems and procedures to be followed, including internet services.
 - These are documented in the Treasury Management Operational Guidelines.
2. Emergency and contingency planning arrangements
 - The Council's treasury management processes are fully digital. Principal Accountants and Strategy Finance Managers have Council issued iPads allowing treasury management to be done anywhere with internet connection.
3. Fraud, Error & Corruption.
 - There is a system of internal control in place to prevent and identify fraud and error.
 - Any issue identified will be immediately reported to the Chief Finance Officer and Head of Internal Audit and subsequently to Governance and Audit Committee and Council.

1.9 Market Value of Investments

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Government Issue Long Term Stock - GILTS, Certificates of Deposit - CDs, etc.)

- No limits are set, current criteria for these investments does not allow exposure to high fluctuations in value.
-

1.10 Non-treasury investments

- Commercial Investments - The profit generated by investment activity makes a small contribution to achieving a balanced revenue budget. In comparison to the net revenue budget, investment income is less than 0.5% as a proportion. The Council's investment properties are historical investment decisions and therefore will have limited impact on the Council's liquidity. No recent investment has taken place in investment properties, and therefore there is no recent borrowing associated. Changes in tenant demand may impact the income levels. This will be identified through monthly budget monitoring.
- Service Investments - The Council, as required, has considered allowing for an 'expected credit loss' model for loans and receivables as set out in IFRS 9: *Financial Instruments*, as adopted by proper practices, to measure the credit risk of its loan portfolio. When calculated, the expected credit loss was very small. Given the high

Treasury Management Practice Schedules 2023 - 2026

level of control the Council has over NEW Homes and the security arrangements, the Council decided against setting up a provision for expected credit loss from the loans to NEW Homes.

In the event of a default, the Council could either sell the properties to repay its borrowing or include them within the Housing Revenue Account and continue to rent at social housing rent levels.

TMP2 PERFORMANCE MEASUREMENT

2.1 Performance Measurement

1. In the annual Treasury Management Outturn Report, investment and borrowing rates are analysed against the budget and previous year's data.
2. Health checks are undertaken by the Council's treasury management advisers.

2.2 Value for Money

Frequency for reviewing and tendering for the following services:

- Banking services - tendered every 5 years.
- Money-broking services - annual review.
- Treasury adviser's services – tendered every 3 years.
- External Cash Managers - none currently employed but this will be analysed as part of a continuous review.

2.3 Methods to be employed for measuring the performance of the Council's Treasury Management activities

1. The Chief Finance Officer will receive a monthly update on treasury management from the Strategic Finance Manager – Capital, Technical and Financial Systems.
2. The performance of treasury management will be reported quarterly to the Governance and Audit Committee and then to Cabinet and Council in the Mid-year Report and Annual Outturn Report using the performance measures outlined in 2.1.
3. Non-treasury investments - for both commercial and service investments:
 - Regular fair value assessments
 - Performance reported through monthly budget monitoring
 - Ongoing repairs so that value and income are maintained

TMP3 DECISION-MAKING AND ANALYSIS

3.1 Funding, borrowing, lending and new instruments/techniques:

1. Records to be kept:

- These are documented in the Treasury Management Operational Guidelines. All records are kept on-line to provide a full audit trail for all treasury decisions.

2. Processes to be pursued:

- All reports on treasury management issues are submitted to the Chief Finance Officer for decision making

3. Issues to be addressed:

- In respect of every decision made the Council will:
 - a. Above all be clear about the nature and extent of the risks to which the Council may become exposed
 - b. Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
 - c. Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping
 - d. Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
 - e. Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.
- In respect of borrowing and other funding decisions, the Council will:
 - a. Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
 - b. Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
 - c. Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - d. Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.
- In respect of investment decisions, the Council will:
 - a. Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
 - b. Consider the alternative investment products and techniques

Treasury Management Practice Schedules 2023 - 2026

available, especially the implications of using any which may expose the Council to changes in the value of its capital.

4. Considerations to be made before each temporary borrowing and investment decision.
 - Borrowing
 - a. Are funds available in call accounts?
 - b. Arrange temporary borrowing through a broker for the shortest period of time at the lowest rate of interest available.
 - Investing
 - a. Establish funds available to be invested
 - b. Establish a maturity date using cash flow.
 - c. Using the Ratings spreadsheet – Headroom available with each counterparty
 - d. Check the credit ratings and other market information available for the chosen counterparty.
 - e. Use a broker to find the highest rate of interest for the requirements above
 - f. If after the above, funds still cannot be placed and call accounts and money market funds are full, then invest with Debt Management Office (DMO).
5. The 2021 Prudential Code is clear that in order to comply with this Code, an authority must not borrow to invest primarily for financial return.

It is not prudent for the Council to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the Council's functions and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

The Statutory Guidance of Local Authority Investments in Wales 2019 considers that borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles in the statutory framework. If the Council chooses not to comply with this principle in order to invest in property or other financial assets for commercial return, then the Council must make additional disclosures about the reasons for doing so.

6. Liability benchmark [LB]: The Liability Benchmark is a long-term measure of the underlying need to borrow for all purposes over the long term and is based on its current capital programme and other forecast cash flow movements.

It is a tool to compare the current loans portfolio against the current and planned need to borrow, in terms of both the level and term of borrowing. It indicates whether long term borrowing (or long term investments, if the Council is a net

Treasury Management Practice Schedules 2023 - 2026

investor) are more appropriate.

The LB an important borrowing risk management measure and will be inclusive in the decision-making process so as to prevent over-borrowing; it will also therefore form part of the Council's audit trail justifying long-term borrowing decisions.

To determine future years' debt requirement or, conversely, monies available for longer-term investment, the Council will estimate and measure the LB for the full debt maturity profile. It is presented as a chart of four balances:

- the Council's current and projected Loans CFR and MRP
- existing loan debt (does not include forecast debt),
- net loans requirement, taking into account balance sheet resources
- liability benchmark, which also takes into account the Council's required liquidity allowance.

The LB is analysed as part of the annual treasury management strategy.

Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

Our treasury advisor Arlingclose provides the Council with an online live tool (using Microsoft Teams) to assist with the preparation and regular updating of this important treasury management indicator.

6. Non-treasury investments - for each individual investment:

- A business case is produced and is taken through the required approval process
- Due diligence is performed and professional advice taken, where necessary
- The duration of any borrowing required is determined based on a scheme appraisal and / or the expected asset life

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the treasury management operation

All borrowing is undertaken in accordance with the Local Government Act 2003 section 1 and all investments undertaken in accordance with section 12.

The approved activities are:

- borrowing.
- lending.
- debt repayment and rescheduling.

Treasury Management Practice Schedules 2023 - 2026

- consideration, approval and use of new financial instruments and treasury management techniques.
- managing the underlying risk associated with the Council's capital financing and surplus funds activities.
- managing cash flow.
- banking activities.
- leasing.

4.2 Approved Instruments for Borrowing

The approved sources of long-term and short-term borrowing will be:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Clwyd Pension Fund)
- insurance companies
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leases
- hire purchase
- Private Finance Initiative
- sale and leaseback
- WG Mutual Investment Model

4.3 Approved Instruments for Investments

The annual Treasury Management Strategy provides details of specified and non-specified investments and the maximum limits for each, as is required under Guidance issued by the Welsh Government. The approved investment instruments are -

- Fixed term deposits
- Certificates of Deposit
- Bank accounts (Instant Access & Notice Accounts)
- Pooled Investment Vehicles (Such as money market funds)
- U.K. Treasury Bills
- Loans
- Bonds
- Reverse Repurchase Agreements
- Commercial Papers

Treasury Management Practice Schedules 2023 - 2026

4.4 Approved Techniques

- Forward dealing up to 364 days.
- Callable deposits.

4.5 Approved methods and sources of raising capital finance

Finance will only be raised in accordance with the Prudential Code for Capital Finance, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet

Public Works Loan Board (PWLB)
European Investment Bank (EIB)
Local authorities
Banks
Building societies
Pension funds
Stock issues
Negotiable Bonds
Internal sources (capital receipts & revenue balances)
Sterling commercial paper
Sterling medium term notes
Leases

Off Balance Sheet

Deferred Purchase

Other Methods of Financing

Government and EC Capital Grants
Lottery monies
Private Finance Initiative (PFI)
WG Mutual Investment Model

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Chief Finance Officer has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from approved sources.

4.6 Register of financial institutions who have approved the Council as “professional clients” under the provisions of MiFID II

Financial Institution:	Relationship with the Council:
Arlingclose Limited	Treasury management advisors
Martin Brokers Ltd	Broker
Tradition (UK) Ltd	Broker
ICAP plc	Broker
Tullet Prebon (UK) Ltd	Broker
Imperial Treasury Services	Broker

Treasury Management Practice Schedules 2023 - 2026

BGC Partners	Broker
King & Shaxson Limited	Broker & Custodians
Institutional Cash Distributors (ICD)	Money market funds
Federated Investors (UK) LLP	Money market funds
Aberdeen/Standard Life	Money market funds
Insight Investment	Money market funds
Coventry Building Society	Building society

- 4.7** Financial derivatives: (Councils) Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Election (Wales) Act 2021 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Limits to responsibilities/discretion at committee/Cabinet levels

1. County Council

The Council is responsible for: -

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of annual Policy and Strategy.
- Approval of/amendments to the Council's adopted clauses, Treasury Management Policy and Strategy.
- Budget consideration and approval.
- Approval of the division of responsibilities.

2. Cabinet

The Cabinet is responsible for:

- Receiving reports from the Chief Finance Officer informed by the deliberations of the Governance and Audit Committee on the

Treasury Management Practice Schedules 2023 - 2026

implementation and regular monitoring of its Treasury Management Policy, Strategy and Practices.

- Consideration of Treasury Policy and Strategy for approval by Council.

3. Governance and Audit Committee

The Governance and Audit Committee is responsible for –

- Reviewing the Treasury Management Policy and Practices and making recommendations to Cabinet.
- Receiving and reviewing regular monitoring reports.

5.2 Principles and practices concerning segregation of duties

Procedure	Regular	Trained in Absence
Cash balances	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing and limit calculations	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Logotech	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing check	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing authorisation	6 Authorised Bank Signatories - Corporate Finance Manager, 5 Strategic Finance Managers	
Funds transfer operators	Finance Support Officer (FSO)	4 Accounting Technicians/Technical Principal Accountant
Funds transfer approval	6 Principal Accountants	
Bankline system administrators	Principal Accountant (Systems)	Accounting Technician

5.3 Statement of duties/responsibilities of each Treasury post

1. Chief Finance Officer

- Recommending clauses, Treasury Management Policy/Practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular Treasury Management Policy and Strategy reports.

Treasury Management Practice Schedules 2023 - 2026

- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management.
- Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit.
- Approving the selection of external service providers (within the Council's Contract Procedure Rules) and agreeing terms of appointment.

2. Strategic Finance Manager - Capital, Technical and Financial Systems

- To deputise for the Chief Finance Officer.
- To advise the Chief Finance Officer in the discharge of his/her duties.
- Regularly review the Treasury Management function.
- Submitting management information reports to the Chief Finance Officer.
- Drafting reports for Governance and Audit Committee, Cabinet and Council.
- Review a monthly report from the Technical Principal Accountant on the performance of the Treasury Management function.

3. Technical Principal Accountant

- Supervise treasury management staff.
- Review the draft report on the performance of the Treasury Management function.
- Identify and recommend opportunities for improved practices.
- Ensure that the day-to-day activities accord with the Treasury Management Policy Statement and Practices.

4. Accounting Technician

- Execution of transactions.
- Adhere to agreed policies and practices on a day-to-day basis.
- Maintain relationships with counterparties and external service providers.
- Draft reports for Governance and Audit Committee, Cabinet and Council.
- Produce cash flow projections and monitor performance.
- Report on the performance of the Treasury Management function.

5. Other Officers

- To deputise as necessary for the above posts, adhering to their duties and responsibilities.

5.4 Dealing Limits

Treasury Management Practice Schedules 2023 - 2026

As outlined in 1 - Credit and Counterparty Policies

5.5 List of Approved Brokers

Six approved brokers are currently used by the Council (see 11.2).

- ICAP Limited
- Martin Brokers (UK) Plc
- Prebon Marshall Yamane (UK) Limited
- Tradition (UK) Ltd
- Imperial Treasury Services
- BGC Sterling

5.6 Policy on Brokers' Services

Reviewed annually.

5.7 Policy on taping conversations

No conversations are currently taped

5.8 Direct Dealing Practices

This is undertaken as and when required to maximise investment return

5.9 Settlement transmission procedures

Standard Settlement Instructions

5.10 Documentation Requirements

- Flintshire CC Treasury Management Policy Statement.
- Flintshire CC Treasury Management Annual Strategy.
- Flintshire CC Treasury Management Annual Outturn Report.
- Flintshire CC Treasury Management Mid-Year Report
- Treasury Management Health checks.
- Loans and Treasury Management System Manual (LOGOTECH).
- Cash Flow Statement (LOGOTECH).
- Money Market Dealing Form.
- Loans and Investments Outstanding / Limit Calculations.
- List of Brokers and Telephone Numbers.
- Approved Counterparties (Regular update from TM Advisers).
- Arlingclose Consultancy Services Correspondence (TM Advisers).
- Treasury Management Operational Guidelines.
- Treasury Management (Long Term Borrowing) Operational Guidelines.
- Treasury Management Procedures

Treasury Management Practice Schedules 2023 - 2026

5.11 Arrangements concerning the management of third-party funds.

Third party funds are included in the net daily bank balance and the funds are utilised by the Council on that basis. Interest is paid as follows -

- Insurance Fund – average seven-day rate, annually.

5.12 Non-treasury investments

NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The Council has a high level of control over NEW Homes as the single shareholder.

Arrangements for each investment as TMP3 above.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This Strategy will be scrutinised by Governance and Audit Committee, submitted to the Cabinet and then to the County Council Committee for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy is concerned with the following elements:
 - the prospects for interest rates.
 - the limits placed by the Council on treasury activities
 - the expected borrowing strategy.
 - the expected investment strategy.
 - the expectations for debt rescheduling.
 - any extraordinary treasury issues.
 - Treasury Management Indicators.
4. The Treasury Management Strategy will establish the expected move in interest rates (using all available information such as published interest rate forecasts where applicable).

Treasury Management Practice Schedules 2023 - 2026

6.2 Prudential Code for Capital Finance

1. In accordance with legislation, the Council is required to approve key indicators and limits for the Prudential Code for Capital Finance. These are listed below and reported in the Prudential Indicators Report.

- Capital expenditure
- Capital financing requirement (CFR)
- Authorised Limit and Operational boundary
- Gross debt and the CFR
- Financing costs to net revenue stream
- Net income from commercial and service investments to net revenue stream

The following are within the Treasury Management Code.

- Liability benchmark (from 2023/24)
 - Maturity structure of borrowing
 - Long-term treasury management investments Upper limit on fixed interest rate exposures
 - Upper and lower limits for maturity structure of borrowing
 - Limit for principal sums invested for periods longer than 364 days
2. The Chief Finance Officer is responsible for putting forward for approval the relevant limits for the Treasury Management Code into the annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Chief Finance Officer shall submit the changes for scrutiny by the Governance and Audit Committee and recommendation by the Cabinet before submission to County Council for approval.

6.3 Annual Investment Strategy

The Welsh Government requires the documentation of an Annual Investment Strategy including the following:

- Specified Investments – Investments offering high security and liquidity
- Non-specified Investments – Investments with greater potential risk
- Investments which can be prudently committed for longer than 1 year.
- Credit Risk Assessment.
- Use of Investment Consultants.
- Investment Training.
- Investment money borrowed in advance of need.

6.4 Annual Report on Treasury Management Activity

An annual report will be presented to the Governance and Audit Committee, Cabinet and then the County Council at the earliest practicable meeting after the end of the financial year. This report will include the following: -

Treasury Management Practice Schedules 2023 - 2026

- a comprehensive picture for the financial year of all treasury policies, plans, activities and results
- transactions executed and their revenue (current) effects
- report on risk implications of decisions taken and transactions executed
- monitoring of compliance with approved policy, practices and statutory / regulatory requirements
- monitoring of compliance with powers delegated to officers
- degree of compliance with the original strategy and explanation of deviations
- explanation of future impact of decisions taken on the Council
- measurements of performance
- report on compliance with CIPFA Code recommendations

The report will be subject to review by the Governance and Audit Committee.

6.5 Mid-Year Review

A mid-year report will be presented to the Governance and Audit Committee, Cabinet and County Council, which will include the following:

- activities undertaken
- variations (if any) from agreed policies/practices
- interim performance report
- regular monitoring
- monitoring of treasury management indicators for local authorities.

The report will be subject to review by the Governance and Audit Committee

6.6 Management Information Reports

The Technical Principal Accountant will report management information to the Strategic Finance Manager - Capital, Technical and Financial Systems monthly for review. The Strategic Finance Manager will report monthly to the Chief Finance Officer.

6.7 Presentation of Reports

As a minimum:

The County Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMPs.

Treasury Management Practice Schedules 2023 - 2026

In addition to the above, the Governance and Audit Committee and Cabinet will receive regular monitoring reports on treasury management activities and risks. Governance and Audit Committee will also have responsibility for the scrutiny of treasury management policies and practices.

Treasury Management Indicators will be reported in the strategy.

6.8 Non-treasury investments

- Commercial investments - Proportionality of forecasted income against net revenue budget is reported regularly.

Income generated from commercial investments monitored on a monthly basis and any significant variances reported through monthly budget monitoring, with any on-going pressures or efficiencies fed through to the MTFs.

- Service Investments - Reported annually to Cabinet.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/ Regulatory Requirements

The treasury management part of the statement of accounts has been prepared in accordance with the accounting policies applicable to local authorities.

7.2 Accounting Practices and Standards

The accounts are prepared in accordance with the CIPFA Treasury Management in the Public Sector Code of Practice, supported by guidance notes on the application of accounting standards.

7.3 Budget Monitoring

The budget for treasury management activities is monitored on a monthly basis through the Central Loans and Investment Account (CLIA).

TMP8 CASH AND CASH FLOW MANAGEMENT

8.1 Arrangements for preparing/submitting cash flow statements

Annual cash flow prepared before the start of the financial year and updated throughout the year.

8.2 Content and frequency of cash flow budgets

All known cash flow factors are included for the coming financial year.

8.3 Listing of sources of information

Correspondence from external organisations and internal departments, together with various information extracted from the Annual Budget Book.

External –

- Welsh Government
- North Wales Police
- North Wales Fire Authority

Internal –

- Payroll
- Pensions
- Council Tax
- Creditors

8.4 Bank statement procedures

All bank statement information is obtained electronically from the NatWest Bankline website.

8.5 Procedures for banking of funds

All day-to-day treasury management transactions are paid and received by the Clearing House Automated Payments System (CHAPS).

8.6 Cash Flow Management

Arrangements as detailed in section 3.1.4

8.7 Debtors and Creditors

Debtors and creditors are monitored so that any significant moves can be prepared for. Creditors provide warning of payments 2 days in advance.

8.8 Liability Benchmark

The LB is helps establish whether the Council is likely to be a long-term borrower or long-term investor in the future and represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level to manage day-to-day cash flow.

The LB will be updated regularly through the year by the Council with developments and/or timing changes in the capital programme as well as changes to balance sheet resources.

TMP9 MONEY LAUNDERING

9.1 Procedures for establishing identity/authenticity of Lenders

1. The Council does not accept loans from individuals. All loans are obtained from the PWLB or from authorised institutions on the FCA Register which is a public record of financial service firms, individuals and other bodies which fall under its regulatory jurisdiction as defined in the Financial Services & Markets Act 2000 (FSMA). This Act came into force on 1st December 2001.
2. Any borrowing undertaken from the money markets is through money brokers, who are also authorised and regulated by the Financial Conduct Authority. This adds a further layer of protection as the broker vets the institutions involved in any transactions.
3. Appropriate consideration will be given to identify and verify SMEs when undertaking any lending to SMEs.

TMP10 TRAINING AND QUALIFICATIONS

10.1 Details of approved training courses

1. Reviewed as part of the annual employee appraisal process. The Council's treasury advisers also provide training on treasury issues to staff when required.

10.2 Records of training received by Treasury staff

All training is recorded on a departmental database.

10.3 Approved qualifications for Treasury staff

All treasury officers are qualified to Association of Accounting Technicians level as a minimum.

10.4 Training of Members

Governance and Audit Committee Members will receive a quarterly treasury management report and training will be given as required. Other Members will be invited to attend training and receive treasury reports as outlined in these practices.

10.5 Statement of Professional Practice (SOPP)

1. Where the Chief Finance Officer is a member of CIPFA, there is a professional need for the Chief Finance Officer to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of

Treasury Management Practice Schedules 2023 - 2026

CIPFA must also comply with the SOPP.

10.6 Non-treasury investments

The Council employs qualified property, legal and finance officers to manage activity and provide advice within their respective disciplines. Specialist external advisors will be engaged where appropriate.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 Details of contracts with Service Providers, including Bankers, Brokers, Consultants & Advisers

1. Banking services:

- National Westminster Bank Plc
- Contract commenced January 2020 to run for 5 years
- Cost of core service - £33,000 p.a.
- Payments due on an ongoing basis throughout the year

2. Money-broking services:

The following money market brokers' services are utilised for day-to-day transactions as and when required.

- ICAP plc
- Martin Brokers (UK) plc
- Prebon Marshall Yamane (UK) Limited
- Tradition UK Limited
- BGC Sterling
- Imperial Treasury Services

3. Treasury Consultant services:

- Arlingclose Consultancy Services
- Contract commenced 10th September 2021 for 3 years, with the option to extend for a further 2 years.
- Cost of service - £11,750 plus VAT per annum, increasing by £750 each year
- Payments due annually

11.2 Procedures and frequency for tendering services

See TMP2 Performance Measurement section (2.2) for full details of services tendered. The process must comply with the Council's Contract Procedure rules.

Treasury Management Practice Schedules 2023 - 2026

TMP12 CORPORATE GOVERNANCE

12.1 List of documents to be made available for public inspection

- 12.1.1 Treasury Management Policy Statement
- 12.1.2 Treasury Management Strategy
- 12.1.3 Treasury Management Practices
- 12.1.4 Treasury Management Mid-Year Report
- 12.1.5 Treasury Management Annual Outturn Report

APPENDIX A

Definition of Ratings

Fitch Long Term

- **AAA** - Highest credit quality. Rating denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. The capacity is highly unlikely to be adversely affected by foreseeable events.
- **AA** - Very high credit quality. Rating denotes expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
- **A** - High credit quality. Rating denotes expectation of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
- **BBB** - Good quality rating. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

The modifiers "+" & "-" may be appended to any of the ratings above to denote a relative status within major categories.

Moody's Long Term

- **Aaa** - Judged to be one of the highest quality, with minimal credit risk
- **Aa** - Judged to be of high quality and are subject to very low credit risk
- **A** - Considered upper-medium grade and are subject to low credit risk
- **Baa** - Offers adequate credit quality. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.

Moody's appends numerical modifiers 1, 2 and 3 to each rating classification. 1 indicates that the obligation ranks in the higher end of its category, 2 mid-range and 3 a ranking in the lower end of that category.

Standard & Poor's Long Term

- **AAA** - An obligor rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Treasury Management Practice Schedules 2023 - 2026

- **AA** - An obligor rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
- **A** - An obligor rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- **BBB** - An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Plus (+) or minus (-) the ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories

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CABINET

Date of Meeting	Thursday 23 rd February 2023
Report Subject	Treasury Management Strategy 2023/24 Treasury Management Policy Statement, Practices and Schedules 2023 to 2026
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2023/24 for approval and recommendation to Council, in conjunction with:

- Draft Treasury Management Policy Statement 2023 to 2026
- Draft Treasury Management Practices and Schedules 2023 to 2026

The report was considered in detail by Governance and Audit Committee on 25th January 2023.

This report is supplemented by treasury management training that was provided for Members of the Council on 7th December 2022.

RECOMMENDATIONS

1	<p>Cabinet approves for recommendation to the Council the following documents:</p> <ul style="list-style-type: none"> • Draft Treasury Management Strategy 2023/24 • Draft Treasury Management Policy Statement 2023 to 2026 • Draft Treasury Management Practices and Schedules 2023 to 2026
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REPORT DETAILS

1.00	EXPLAINING THE CHANGES TO THE POLICY STATEMENT, STRATEGY AND PRACTICES
	<u>BACKGROUND</u>
1.01	The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
1.02	<p>In April 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management in the Public Services: Code of Practice, 2017 Edition</i> (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.</p> <p>The Institute published a revised version of the CIPFA code in December 2021. The Council is requested to formally adopt the Treasury Management in the Public Services: Code of Practice 2021 edition. The CIPFA Code of Practice (2021 edition) requires:-</p> <ul style="list-style-type: none"> • The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities. • The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled. • The Council to create and maintain suitable investment management practices (IMPs) for investments that are not for treasury management purposes, within the TMP's. • The Council to receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. • Responsibility for treasury management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's <i>Standard of Professional Practice on Treasury Management</i>.

	<ul style="list-style-type: none"> • A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Governance and Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.
1.03	The Welsh Government issues guidance on local authority investments that requires the Council to prepare an investment strategy before the start of each financial year. The guidance was updated in November 2019 and came into force from 1 st April 2020.
1.04	In preparation for approving the 2023/24 Treasury Management Strategy, training for all Members was held on 7 th December 2022. The workshop, presented by Arlingclose, the Council's treasury management advisors, covered: 1) the regulatory framework and the role of the elected Member in scrutinising the treasury management function; 2) an overview of the Council's treasury position and future; 3) a section on capital expenditure and financing, borrowing and debt restructuring; 4) a section on risk management and economic outlook, and 5) investment management.
	<u>CONSIDERATIONS</u>
	2023/24 Treasury Management Policy Statement, Strategy and Practices
1.05	The main changes to the Code clarifies what constitutes prudential borrowing activities to help avoid authorities misinterpreting the Code's provisions. The Code includes clarification to better define commercial activity and investment, and a requirement to incorporate an assessment of risk against levels of resources. The Council were largely compliant with the revised Code.
1.06	The previous Treasury Management Policy Statement was approved by Council in February 2022 and covered the 3-year period from 2022 to 2025. Updates to IMP's in the new Code are included in the revised Treasury Management Policy 2023 to 2026 which is attached at Appendix 2. This document defines the Council's treasury management activities, sets out the Council's criteria to measure the effectiveness of treasury management activities and includes the Council's high-level policies for borrowing and investments. Once approved, the document will only be reported to Members during its lifetime in the event of any significant changes.
1.07	<p>The Treasury Management Practices (TMPs) and accompanying schedules to cover the 3-year period from 2022 to 2025 were approved by Council in February 2022. Updates to IMP's in the new Code are included in the revised TMPs for 2023 to 2026 which are attached as Appendices 3 and 4.</p> <p>The TMPs and schedules state how treasury management policies and objectives will be achieved and give specific details of the systems and routines employed and the records to be maintained, including:</p> <ul style="list-style-type: none"> • TMP 1 Treasury risk management

	<ul style="list-style-type: none"> • TMP 2 Performance measurement • TMP 3 Decision-making and analysis • TMP 4 Approved instruments, methods and techniques • TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements • TMP 6 Reporting requirements and management information arrangements • TMP 7 Budgeting, accounting and audit arrangements • TMP 8 Cash and cash flow management • TMP 9 Money laundering • TMP 10 Staff training and qualifications • TMP 11 Use of external service providers • TMP 12 Corporate governance <p>It was agreed that these operational documents will only be reported to Members during their lifetime in the event of any significant changes. Some changes have been made to bring the practices and schedules in line with the draft 2023/24 Strategy.</p>
	<p>Treasury Management Strategy 2023/24</p>
<p>1.08</p>	<p>The 2023/24 Treasury Management Strategy is attached at Appendix 1 for review and discussion. The Strategy is updated and reported annually to Members in accordance with the CIPFA Code of Practice and Welsh Government guidance.</p> <p>The Treasury Management Strategy details the approach the Council will take for investing and borrowing over the next year, including the budgetary implications of the planned investment and borrowing strategy, and a number of treasury management indicators that the CIPFA Code requires.</p>
<p>1.09</p>	<p>The main body of the 2023/24 Strategy has not changed significantly from that of the 2022/23 Strategy. Matters that merit the attention of Members are summarised below:</p> <ul style="list-style-type: none"> • Section 2 – Economic context, provided by Arlingclose, highlights that the major external influences on the Strategy will be the ongoing war in Ukraine, together with higher inflation, higher interest rates, and a deteriorating economic outlook. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. Arlingclose forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target. Gilt yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20 year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025 (the Council’s borrowing costs are linked to gilt yields). • Section 4 – Local context. This section summarises the Council’s anticipated treasury position in 2023/24. Activity in 2023/24 is expected to focus more on borrowing and less on investing as the Council’s

	<p>requirement to borrow is forecast to grow due to a planned increase in capital expenditure.</p> <ul style="list-style-type: none"> Section 5 - Borrowing strategy. This section is largely a continuation of the 2022/23 strategy. The Council continues to forecast a significant long term borrowing requirement. The required amounts need to be confirmed before a commitment to long term borrowing is made and the use of short term borrowing will be used to assist during this period. Section 6 – Treasury Investment Strategy. Again, this section is largely a continuation of the Council’s 2022/23 strategy, the aim being to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.
1.10	The Governance and Audit Committee reviewed the draft Treasury Management Strategy, Policy and Practices at its meeting on 25 th January 2023. Questions raised at the Committee were all answered to members satisfaction. There were no issues raised by the Committee for Cabinet.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are set out within this report and supporting appendices; there are no other resource implications directly as a result of this report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT										
3.01	Risk Management directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.										
3.02	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Positive. The Treasury Management Strategy considers the long-term impact of investing and borrowing decisions.</td> </tr> <tr> <td>Prevention</td> <td>No change</td> </tr> <tr> <td>Integration</td> <td>No change</td> </tr> <tr> <td>Collaboration</td> <td>No change</td> </tr> <tr> <td>Involvement</td> <td>No change</td> </tr> </table>	Long-term	Positive. The Treasury Management Strategy considers the long-term impact of investing and borrowing decisions.	Prevention	No change	Integration	No change	Collaboration	No change	Involvement	No change
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Prevention	No change										
Integration	No change										
Collaboration	No change										
Involvement	No change										
3.03	<p>Well-being Goals Impact</p> <table border="1"> <tr> <td>Prosperous Wales</td> <td>No impact</td> </tr> <tr> <td>Resilient Wales</td> <td>No impact</td> </tr> <tr> <td>Healthier Wales</td> <td>No impact</td> </tr> </table>	Prosperous Wales	No impact	Resilient Wales	No impact	Healthier Wales	No impact				
Prosperous Wales	No impact										
Resilient Wales	No impact										
Healthier Wales	No impact										

	More equal Wales	No impact
	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	No impact

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Arlingclose Ltd, being the Council's treasury management advisors.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Draft Treasury Management Strategy 2023/24 2. Draft Treasury Management Policy 2023 to 2026 3. Draft Treasury Management Practices and Schedules 2023 to 2026 – part 1 4. Draft Treasury Management Practices and Schedules 2023 to 2026 – part 2

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: Christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <p>Bank Rate: The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".</p> <p>Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.</p> <p>Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p>

Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.

Capital Financing Requirement (CFR): The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

Certificates of Deposits (CD's): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.

Consumer Price Index (CPI): The UK's main measure of inflation (along with Retail Price Index or 'RPI') The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Cost of Carry: The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

Counterparty List: List of approved financial institutions with which the Council can place investments.

Credit Rating: Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

Federal Reserve: The US central bank, the equivalent of the Bank of England. (Often referred to as "the Fed").

Financial Instruments: Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument.

Gilts: Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged'. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

IFRS: International Financial Reporting Standards.

LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.

Maturity: The date when an investment or borrowing is repaid.

Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

MiFID II (Markets in Financial Instruments Directive): EU legislation that regulates firms who provide services to clients linked to 'financial instruments'. As a result of MiFID II, from 3rd January 2018 local authorities will be treated as retail clients but can "opt up" to professional client status, providing that they meet certain qualitative and quantitative criteria.

Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Monetary Policy Committee (MPC): A committee of the Bank of England, which meets to decide the Bank Rate. Its primary target is to keep CPI inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Non Specified Investment: Investments which fall outside the WG Guidance for Specified investments (below).

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting

the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts: In the context of local authority borrowing,
(a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
(b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

Prudential Code: Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators.

Public Works Loans Board (PWLB): The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE): QE is a form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This cash injection lowers the cost of borrowing and boosts asset prices to support spending.

Retail Price Index (RPI): A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

Revenue Expenditure: Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

Specified Investments: Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing: Borrowing for which the costs are supported by the government or third party.

Supranational Bonds: Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Temporary Borrowing: Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Term Deposits: Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Treasury Bills (T-Bills): Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

Treasury Management Code: CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Unsupported Borrowing: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield: The measure of the return on an investment instrument.



FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Thursday, 23 rd February 2023
Report Subject	Minimum Revenue Provision - 2023/24 Policy
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report seeks Council approval in setting the annual policy for the Minimum Revenue Provision for the prudent repayment of debt.

Cabinet will consider the report, included at Appendix 1, at their meeting this morning and their recommendations will be reported at the meeting.

RECOMMENDATIONS

1	<p>Members approve for Council Fund (CF):-</p> <ul style="list-style-type: none"> • Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2023/24 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2017. The calculation will be the 'annuity' method over 49 years. • Option 3 (Asset Life Method) be used for the calculation of the MRP in 2023/24 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. • Option 3 (Asset Life Method) be used for the calculation of the MRP in 2023/24 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
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2	<p>Members approve for Housing Revenue Account (HRA):-</p> <ul style="list-style-type: none"> Option 3 (Asset Life Method) be used for the calculation of the HRA's MRP in 2023/24 for the balance of outstanding capital expenditure funded from debt fixed as at 31st March 2021. The calculation will be the 'annuity' method over 50 years. Option 3 (Asset Life Method) be used for the calculation of the HRA's MRP in 2023/24 for all capital expenditure funded from debt from 1st April 2021 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
3	<p>Members approve that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:-</p> <ul style="list-style-type: none"> No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use. Once the assets are brought into use, capital (loan) repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

REPORT DETAILS

1.00	EXPLAINING THE MINIMUM REVENUE PROVISION
1.01	<p>Local Authorities are required each year, under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations'), to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', though the regulation itself does not define 'prudent provision'.</p> <p>Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term, this guidance was last updated in 2018.</p> <p>Authorities are required to prepare an annual statement of their policy on making MRP.</p> <p>Further detail is provided in the attached report to Cabinet (Appendix 1).</p>

2.00	RESOURCE IMPLICATIONS
2.01	As per the attached report (Appendix 1).

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	As per the attached report (Appendix 1).

4.00	RISK MANAGEMENT
4.01	As per the attached report (Appendix 1).

5.00	APPENDICES
5.01	Appendix 1 - Report to Cabinet 23 rd February, 2023 - Minimum Revenue Provision - 2023/24 Policy.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: (01352) 703309 E-mail: christopher.taylor@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	As per the attached report (Appendix 1).

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CABINET

Date of Meeting	Thursday 23 rd February 2023
Report Subject	Minimum Revenue Provision – 2023/24 Policy
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

Local authorities are required to set a Minimum Revenue Provision (MRP) policy each financial year.

Each year, local authorities are required to set aside some of their revenue resources as provision for the repayment of debt.

Regulations require an authority to make an amount of MRP which it considers to be 'prudent'. The Regulations themselves do not define 'prudent' provision. Welsh Government (WG) has provided guidance which makes recommendations to local authorities on the interpretation of the term and authorities are required to prepare an annual statement of their policy on making minimum provision.

The Council, as part of the budget strategy, conducted detailed reviews of its MRP policy in 2016/17 and 2017/18 and amended the policy as a result.

No changes are required to the Policy for 2023/24.

The Policy is presented to Members in conjunction with the 2023/24 budget setting report (separate item on the agenda).

RECOMMENDATIONS

1	<p>Members approve and recommend to County Council for Council Fund (CF) outstanding debt that:-</p> <ul style="list-style-type: none">• Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2023/24 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2017. The calculation will be the 'annuity' method over 49 years.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2023/24 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.• Option 3 (Asset Life Method) be used for the calculation of the MRP in 2023/24 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
2	<p>That Members approve and recommend to the County Council for Housing Revenue Account (HRA) outstanding debt:-</p> <ul style="list-style-type: none">• Option 3 (Asset Life Method) be used for the calculation of the HRA's MRP in 2023/24 for the balance of outstanding capital expenditure funded from debt fixed as at 31st March 2021. The calculation will be the 'annuity' method over 50 years.• Option 3 (Asset Life Method) be used for the calculation of the HRA's MRP in 2023/24 for all capital expenditure funded from debt from 1st April 2021 onwards. The calculation will be the 'annuity' method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
3	<p>Members approve and recommend to County Council that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:-</p> <ul style="list-style-type: none">• No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use.• Once the assets are brought into use, capital (loan) repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan.

REPORT DETAILS

1.00	EXPLAINING THE MINIMUM REVENUE PROVISION
	Background to Capital Expenditure and Financing
1.01	<p>Capital expenditure is defined as expenditure to acquire, enhance or prolong the useful life of non-current assets, those which have a useful life of more than one year e.g. buildings or infrastructure improvements.</p> <p>Capital expenditure is funded from a combination of capital receipts, revenue contributions, specific or general grants and debt in the form of borrowing or other long term financing arrangements such as leasing.</p> <p>Borrowing can be either:</p> <ul style="list-style-type: none"> • Supported borrowing - funding is provided by Welsh Government through the Revenue Support Grant to cover the revenue debt financing costs of interest and repayment costs; or • Unsupported borrowing (commonly referred to as prudential borrowing) – Councils have the freedom to determine the level of borrowing considered affordable in revenue debt financing costs with no support from Welsh Government.
1.02	<p>The annual charge to the revenue account for repaying debt is known as the Minimum Revenue Provision (MRP).</p> <p>Local authorities are required each year, under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008, to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to make an amount of MRP each year which it considers to be 'prudent', though the Regulations themselves do not define 'prudent' provision.</p> <p>Regulation 21(B) of the 2008 Regulations requires local authorities to have regard to guidance issued by Government.</p>
1.03	<p>The Welsh Government has issued guidance for the setting of MRP policy. It states that the broad aim of prudent provision is to ensure that the debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.</p> <p>The WG guidance provides 4 options for making 'prudent provision' outlined below, but states that:</p> <p><i>'This does not rule out or otherwise preclude a local authority from using alternative approaches differing from those exemplified should it decide that it is more appropriate.'</i></p>
1.04	<p>In a letter to all local authorities the Auditor General for Wales concurred that it is for each authority to determine what a 'prudent' policy is.</p>

	Options for prudent provision within WG guidance
1.05	<p>Option 1 - Regulatory Method</p> <p>For capital expenditure funded from supported borrowing which is supported through funding in the Revenue Support Grant (RSG), authorities may continue to use the formula specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the regulations which preceded the 2008 Regulations).</p> <p>Under this method the outstanding capital expenditure (known as the Capital Financing Requirement CFR) funded from supported borrowing less Adjustment A is written down annually by 4% on a reducing balance basis. Adjustment A is a commutation adjustment, a fixed value determined by changes to statutory regulations referred to above (which all Welsh Council's will have).</p> <p>The method implies that borrowing will be repaid over a 25 year period (in that $100\% / 4\% = 25$), however as the calculation applies the 4% to the reducing balance it takes much more than 25 years to fully repay the borrowing.</p> <p>The method is commensurate with the methodology used in the Revenue Support Grant to allocate revenue funding from WG to finance debt, as it also uses the 4% reducing balance method on notional outstanding debt.</p>
1.06	<p>Option 2 - Capital Financing Requirement Method</p> <p>The same as Option 1 without adjusting for Adjustment A, which results in a higher charge.</p>
1.07	<p>Option 3 - Asset Life Method</p> <p>Provision is made over the estimated life of the asset for which debt is undertaken.</p> <p>This can be calculated using the 'straight line' method or the 'annuity' method. To illustrate the difference, as an example, an asset which is purchased at a cost of £4m which has an estimated useful life of 50 years:</p> <ul style="list-style-type: none"> • Straight line method - equal annual MRP charge $\text{£}4\text{m} / 50 \text{ years} = \text{£}0.080\text{m}$ • Annuity or inflation method – annual MRP charge that takes the time value of money in the form of inflation into consideration Year 1 = £0.047m Year 2 = £0.048m Year 3 = £0.049m Year 4 = £0.050m Year 5 = £0.051m Year 50 = £0.125m

1.08	<p>Option 4 - Depreciation Method</p> <p>Alternatively, provision is made in accordance with the standard rules for depreciation accounting. The method is similar to option 3 above</p>
1.09	<p>WG guidance requires that either option 3 or 4 be used for all capital expenditure which is to be financed by unsupported borrowing or other long term liabilities. Options 1 and 2 are not permitted for this use.</p>
	<p>Housing Revenue Account (HRA)</p>
1.10	<p>Following the introduction of self-financing for the HRA and the voluntary exit from the negative subsidy system on 31st March 2015, from 1st April 2015 the options to calculate the HRA MRP are now similar to the Council Fund as set out above, with the following modifications:</p> <ul style="list-style-type: none"> • Options 1 and 2 - the percentage is 4% for the Council Fund and 2% for the HRA; and • Options 1 and 2 can be used in relation to debt incurred before 1st April 2021. After that date only Options 3 and 4 may be used. <p>The MRP Policy for 2023/24 reflects the changes required to the HRA MRP method, as indicated in the HRA manual. Option 3 (the asset life annuity method) will be used in relation to debt incurred both before and after 1st April 2021. In relation to debt incurred before 1st April 2021 the MRP will be over 50 years, in relation to debt incurred after 1st April 2021 the MRP will be over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. This ensures new borrowing is written down over the life of the asset that it is financing, which is more in line with proper accounting practice.</p>
1.11	<p>The Council approves loans to its wholly owned subsidiary NEW Homes for the purpose of building affordable homes. The loans qualify as capital expenditure and therefore need to be part of the MRP policy. At its meeting on 14th June 2016 the Council approved the MRP calculation for loans to NEW Homes as outlined in recommendation 3 above.</p>
	<p>Practical Considerations</p>
1.12	<p>The useful life of an asset will vary depending on the class of asset concerned; a vehicle or ICT equipment may be financed over 5 years, whereas a new school over 50 years. Judgements about the useful life will need to be made on an individual basis as expenditure is incurred.</p>
1.13	<p>Large capital projects may take a number of years to complete, for example the Sustainable Communities for Learning building programme. In this instance the MRP is incurred in the year after the asset has become operational, rather than during the construction phase.</p>
1.14	<p>It is important to note that the capital financing position on outstanding capital expenditure (the Capital Financing Requirement) and the Council's level of external borrowing are not the same.</p>

	<p>Regulations stipulate that the Council can only borrow for capital purposes. However, in day to day cash management, no distinction can be made between revenue cash and capital cash. External debt arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. Nevertheless, checks are in place to ensure the Council does not borrow in the medium to long term for revenue purposes, as referred to in the Capital Strategy report approved by Council in January 2023.</p> <p>In practice, the Council is under borrowed, this arises when the level of external borrowing is below the capital financing position on outstanding capital expenditure. The Council, through its treasury management processes, makes use of available cash arising from reserves etc. to fund capital expenditure and has 'internally' borrowed to an extent. This cash would otherwise have been invested at very low rates of return. External borrowing would also be at higher interest rates than any returns on cash invested. Such activities are considered best practice and are undertaken in accordance with the Council's Treasury Management Policy Statement, Strategy, Schedules and Practices.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	The 2023/24 Council Fund and HRA budgets provide for the MRP charges in accordance with the calculations set out in the report.
2.02	There are no other resource implications as a direct result of this report.

3.00	IMPACT ASSESSMENTS AND RISK MANAGEMENT
3.01	<p>An MRP policy has long term effects that cannot be readily undone and therefore has associated risks for future generations in terms of Council Tax and Housing Rents levels.</p> <p>The Well-being of Future Generations (Wales) Act 2015, puts in place a requirement to:</p> <p style="padding-left: 40px;"><i>“act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.</i></p> <p>It also requires that authorities take account of, amongst other things:</p> <p style="padding-left: 40px;"><i>“the importance of balancing short term needs with the need to safeguard the ability to meet long term needs”.</i></p> <p>The MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure. This is not considered as compromising the ability of future generations to meet their</p>

	own needs, merely that future generations pay for assets from which they benefit from using equally to current tax payers.	
3.02	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	Positive - balancing short term and long term needs. The MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure.
	Prevention	No impact
	Integration	No impact
	Collaboration	No impact
	Involvement	No impact
	Well-being Goals Impact	
	Prosperous Wales	No impact
	Resilient Wales	No impact
	Healthier Wales	No impact
	More equal Wales	No impact
	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	Financial decisions that enable future generations to thrive. Positive – the MRP policy ensures that costs are spread equally in real terms amongst the tax and rent payers benefiting from the capital expenditure.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	In changing the Council's MRP policy during 2017/18 and 2016/17 detailed discussions took place with the Council's Treasury Management advisors, senior internal officers and key Cabinet Members. Audit Wales was also consulted as external auditors.
4.02	The revised MRP policy was considered by Council as part of setting the 2018/19 budget in March 2018.

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Council Fund Budget 2018/19 report to Council 1 st March 2018

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: (01352) 703309 E-mail: christopher.taylor@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Capital Expenditure: Expenditure on the acquisition of non-current assets or expenditure that extends the life or value of an existing asset</p> <p>Capital Financing Requirement (CFR): A measure of the capital expenditure incurred historically by an authority that has yet to be financed from capital receipts, capital grants or revenue financing.</p> <p>Council Fund (CF): The fund to which all the Council’s revenue and capital expenditure is charged.</p> <p>Housing Revenue Account (HRA): The fund to which all the Council’s revenue and capital expenditure relating to its housing stock is charged.</p> <p>Minimum Revenue Provision (MRP): A charge made to the Council Fund to repay borrowing taken out for capital expenditure. Authorities must determine their own prudent MRP charge each year, taking into consideration statutory guidance issued by the Government.</p> <p>Prudential Code: The code of practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority’s duty to determine the affordability, prudence and sustainability of its capital investment needs.</p> <p>Revenue Expenditure: All expenditure incurred by an authority that cannot be classified as capital expenditure</p> <p>Revenue Support Grant (RSG): Is paid to each authority to cover the cost of providing standard services less the Council Tax income at the standard level.</p>

Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing: Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.

Unsupported Prudential Borrowing: Borrowing administered under the **Prudential Code**, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.

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COUNTY COUNCIL

Date of Meeting	Thursday, 23 February 2023
Report Subject	Pay Policy Statement for 2023/24
Report Author	Chief Executive and Corporate Manager, People and Organisational Development

EXECUTIVE SUMMARY

All local authorities are required to publish review and approve a Pay Policy Statement each financial year.

Once approved it is to be published by 31st March each year.

The Pay Policy presented within this report is the eleventh annual statement published by the Council.

RECOMMENDATIONS

1	That County Council approves the appended draft Pay Policy Statement for 2023/2/24.
2	That County Council delegate authority to the Corporate Manager, People and Organisational Development to update the Pay Policy Statement 2023/24 during the course of the year to reflect any changes required by legislation, Government policy or national negotiations so that it remains accurate and current.

REPORT DETAILS

1.00	EXPLAINING THE PAY POLICY STATEMENT
1.01	<p>Under the Localism Act 2011 local authorities are required to publish an annual Pay Policy Statement for each financial year. This must be approved by Council and be in place by 31st March each year.</p> <p>A Pay Policy Statement should include:</p> <ul style="list-style-type: none">• the local authority's policy on the level and elements of remuneration for each chief officer;• the policy on the remuneration of its lowest-paid employees - together with its definition of lowest-paid employees and the reasons for adopting that definition;• the policy on the relationship between the remuneration of its chief officers and other officers; and• the policy on other specific aspects of chief officers' remuneration such as recruitment, pay increases, the use of performance related pay and bonuses, termination payments, and pay transparency.
1.02	<p>The purpose of the pay policy statement is to promote transparency on public sector pay, particularly in relation to remuneration of senior officers. Comparisons are also made with the remuneration of the lowest paid employees and with average salaries.</p> <p>The Act defines remuneration widely, to include not just pay but also allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.</p>
1.03	<p>The Council's current Pay Policy Statement was approved by Council on 24 February 2022.</p>
1.04	<p>The draft Pay Policy Statement for 2023/24 appended to this report reflects the Council's current agreements and arrangements with regard to pay.</p>
1.05	<p>This year's statement is consistent with previous statements. Whilst there is no change to the proposed principles or approach to remuneration, a number of sections have been updated and a new section confirming the Council's position in relation to payment for leavers.</p>
1.06	<p>National Pay Awards</p> <p>Annual cost of living and other pay awards are negotiated nationally. Agreement was reached on 1 November 2022 for an increase of £1,925 to the basic salaries of Chief Executives and Chief Officers with effect from 1 April 2022. The pay claim for 2023/24 was submitted to the national employers on 30 January 2023 for employees covered by the NJC (Grade 01 to 12) and 31 January 2023 for Chief Executives. The Pay Policy Statement will therefore have to be updated if a nationally agreed pay award is reached at a later date.</p>

Equal Pay Audit	
1.07	In addition to the obligations placed on the Council by the Localism Act 2011 in relation to its pay policy, the Council has obligations under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 to report on the gender pay gap.
1.08	The gender pay gap is the difference between men's pay and women's pay as a percentage of men's pay.
1.09	The Council fulfils its obligations under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 through an Equal Pay Audit which it undertakes annually. The Equal Pay Audit involves the specific comparison of the pay of male and female colleagues, investigating the causes of any pay gaps by gender, ethnicity, disability or working pattern and planning to close any gaps that cannot be justified on grounds other than one of those characteristics.
1.10	<p>The Equal Pay Audit 2022 which is appended to this report shows a pay gap of 12.81%, which is a significant increase from 6.35% in 2021. There are two females in this group compared to four males. The pay gap is attributable to the fact that both employees are relatively new into post, whereas the male comparators have been in post for some time and have progressed to the top of the Chief Officer pay scale. This will equalise in time.</p> <ul style="list-style-type: none"> The overall gender pay gap across all grades and terms and conditions is 13.71% compared to 13.75% in 2021.

2.00 RESOURCE IMPLICATIONS	
2.01	None as the Pay Policy Statement appended to this report is a description of existing pay arrangements.

3.00 CONSULTATIONS REQUIRED / CARRIED OUT	
3.01	None required.

4.00 RISK MANAGEMENT	
4.01	None as the Pay Policy Statement appended to this report is a description of existing arrangements.

5.00 APPENDICES	
5.01	<p>Appendix A – Pay Policy Statement 2023/24</p> <p>Appendix B – Pay Tables</p> <p>Appendix C – Local Government Pension Scheme (LGPS) Discretionary Pension Statement</p> <p>Appendix D – Equal Pay Audit 2022</p>

6.00	CONTACT OFFICER DETAILS
6.01	Contact Officer: Sharon Carney, Corporate Manager, People and Organisational Development Telephone: 01352 702139 E-mail: Sharon.carney@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	As detailed in the attached Pay Policy Statement for 2023/24



Pay Policy Statement

2023-2024

(Including LGPS Employer's
Discretionary Policy)

Pay Policy Statement



Contents

1. Introduction from the Chief Executive.....	4
2. Purpose	5
3. Legislation and Other Matters Relevant to Remuneration	5
4. Scope of the Pay Policy Statement	6
5. Broad Principles of our Pay and Reward Strategy	6
I) Transparency, accountability and value for money.....	6
II) Development of Pay and Reward Strategy	7
III)The Council’s Pay and Grading Structure	7
IV) Additional Payments.....	9
V Salary Protection.....	10
6. Chief Officer Remuneration	10
i) Definitions of Chief Officer	10
ii) Policy on the Remuneration of Chief Officers	11
iii) Recruitment of Chief Officers	11
iv) Chief Officer Salaries.....	11
v) Additions to Salary of Chief Officers	12
vi) Performance Related Pay and Bonuses	12
vii) Payments on Termination.....	13
viii) Publication of Chief Officer and Other Senior Post Salaries	13
ix) Pay Increases – Chief Officers	14
x) Other Employee Benefits	14
7. Independent Remuneration Panel for Wales (IRMPW).....	14
8. Remuneration of the Lowest Paid Employees	15
9. Pay Relativities within the Authority	15
10. National Negotiating Bodies and Pay Awards	16
11. National Living Wage (NLW)	16
12. Real Living Wage (RLW)	17
13. Pension Benefits.....	17
14. Re-engagement of Chief Officers.....	18
15. Non-Guaranteed Working Hours	18
16. Talent Management	19

16.	Partnership with Trade Unions	19
17.	Future Legislation.....	19
18.	Monitoring, Evaluation and Review.....	19

1. Introduction from the Leader of the Council and the Chief Executive

As the Leader and Chief Executive of a large public sector organisation we recognise the importance people place on the delivery of high quality Council services. It is right and proper that the Council is open, transparent and accountable when it comes to sharing information on the salaries we pay to our employees.

Flintshire County Council is an ethical employer. We are committed to offering good quality employment with fair terms and conditions and fair rates of pay that appropriately reward employees for the work they carry out. As one of the largest employers in the county the salaries we pay have a positive impact on the quality of life within our communities and on the local economy as a whole, through our staff choosing to spend locally in the Welsh local economy.

Council employees also benefit from a comprehensive range of financial and non-financial benefits. These include membership of the Local Government Pension Scheme (LGPS), access to salary sacrifice arrangements, discounts at hundreds of retailers across the United Kingdom, exceptional learning and development opportunities and employee wellbeing initiatives/support.

This Pay Policy Statement details our approach to pay, ensuring we can attract, retain, and motivate the best employees, with the right level of skills, who are committed and share our vision.



Councillor Ian Roberts
Leader of the Council



Neal Cockerton
Chief Executive

2. Purpose

Under Section 112 of the Local Government Act 1972 the Council has the power “to appoint officers on such reasonable terms and conditions as the Council thinks fit”.

This Pay Policy Statement (the statement) sets out the Council’s approach to pay policy in accordance with the requirements of the Localism Act 2011 (the Act). Under section 38 (1) of the Act 2011 English and Welsh local authorities are to produce and publish a pay policy statement for each financial year covering:

- The authority’s policies for the remuneration of chief officers;
- The arrangements for the publication of and access to information on the remuneration of chief officers;
- The authority’s policies towards the remuneration of its lowest paid employees;
and
- The relationship between the remuneration of its chief officers and other employees.

The Council has published information on senior pay for a number of years on its website and in its Statement of Accounts. It has also responded openly and in full to Freedom of Information Act requests for such details.

Compared to other organisations in all sectors across the UK, we are a large and complex organisation providing a diverse range of public services. Many of these services are vital to the wellbeing of individuals and groups of residents in our local community. These can be delivered in very challenging circumstances, which means the Council must take account of the levels of need and ensure the availability of resources to meet them.

We compete with other local employers to recruit and retain managers capable of meeting the challenges of delivering our services to the required standards. This has an important bearing on the levels of remuneration we offer. At the same time, we are obligated to secure the best value for money for our residents and taxpayers in taking decisions on our pay levels. Therefore, the arrangements for the evaluation of posts across the workforce, and pay and terms and consideration of employment, are complex and require careful planning, maintenance, and control.

3. Legislation and Other Matters Relevant to Remuneration

In determining the remuneration of all its employees, the Council will comply with all relevant employment legislation. The Council is also bound by collective agreements and contractual arrangements which cannot be unilaterally altered.

Relevant legislation includes the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended, and the Local Government (Democracy) (Wales) Act

With regard to the Equal Pay requirements contained within the Equality Act, the Council will ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation systems and processes which directly relate salaries to the requirements, demands and responsibilities of the role.

4. Scope of the Pay Policy Statement

The Localism Act 2011 requires authorities to publish their pay policy on all aspects of Chief Officer Remuneration (including on ceasing to hold office), and to explain the relationship between remuneration for Chief Officers and other workforce groups including the 'lowest paid'.

In the interests of transparency, the Council has chosen to take a broader approach and produces a policy covering all employee groups except for School Teachers (as the remuneration for this latter group is set by the Welsh Government and therefore not in local authority control)).

Nothing within the provisions of the Localism Act 2011 detract from the Council's autonomy in making decisions on pay that are appropriate to local circumstances and which deliver achieve business objectives and value for money. The Council will follow its own policy in setting remuneration levels for all workforce groups within its scope.

This Pay Policy Statement does not apply to Members of the Council as they are not employees and are governed by separate legislation and the requirements of the Independent Remuneration Panel for Wales.

5. Broad Principles of our Pay and Reward Strategy

1) Transparency, accountability, and value for money

The Council is committed to an open and transparent approach to pay policy which will enable anyone to access, understand and assess information on remuneration levels across all groups of Council employees. The following is available on the Council's website at www.flintshire.gov.uk.

Remuneration data

- Employee pay scales

- Individual remuneration details for senior employees whose remuneration is over £60,000 per annum, and the number of employees whose remuneration exceeds £60,000 as required under the Accounts and Audit (Wales) (Amendment) Regulations 2010.

Policy documents

- [Additional Payments](#)
- [Policy Statement on Redundancy and Severance Payments \(including additional pension payments\)](#)

All relevant policies are reviewed periodically to ensure they are current and meet the principles of fairness, equality, accountability, and value for money.

II) Development of Pay and Reward Strategy

The primary aim of a reward strategy is to attract, retain and motivate suitably skilled employees so that the organisation can perform to its best. The biggest challenge for the Council in the current financial climate is to maximise productivity and efficiency within current resources. Pay policy is a matter of striking a balance between setting remuneration levels at appropriate levels to ensure a sufficient 'supply' of appropriately skilled, experienced and qualified individuals to fill the Council's wide range of posts and ensuring that the burden of cost does not become greater than can be justified.

It should be recognised that in competitive recruitment 'market' remuneration levels need to attract a suitably wide pool of talent (which will ideally include people from across the public sector and from outside as well as within Wales), and the retention of suitably skilled and qualified individuals once in post. It should also be recognised that the Council will often be seeking to recruit in competition with other public and private sector employers.

The Council is a major employer in the area. The availability of good quality employment on reasonable terms and conditions and fair rates of pay has a beneficial impact on the quality of life in the community as well as on the local economy. The Council also has a role in setting a benchmark example on pay and conditions to other employers in the area for the same reasons.

In designing, developing, and reviewing the Pay and Reward strategy the Council will seek to balance these factors to achieve performance outcomes for the organisation and the communities it serves, whilst managing and controlling total pay costs.

III) The Council's Pay and Grading Structure

Section 112 of the Local Government Act 1972 provides that a local authority shall appoint such Officers for the proper discharge of its functions on such reasonable terms and conditions, including conditions as to remuneration as the local authority thinks fit.

The remuneration of many employees of the Council is in accordance with the locally agreed pay scale with spinal column points based on the nationally agreed pay spine (the NJC pay scale).

The Council uses a range of methods to evaluate pay and has multiple pay scales dependent on the terms and conditions of employment.

For roles that are not nationally prescribed and are not Chief Officer posts, the Council uses the Greater London Provincial Committee (GLPC), which is part of the Single Status Collective Agreement, and role profiles for support workers employed by School Governing Bodies.

Pay Progression

Except for Chief Officers whose pay progression is based on performance, all employees receive annual increments until the maximum spinal point in the grade is reached, subject to six months in that grade (whether attained by appointment, promotion or re-grading).

Ordinarily, employees, including senior employees, are appointed to the minimum point of the pay grade for the job. In certain circumstances it may be appropriate to appoint to a higher point in the pay grade. This may arise when, for example, the preferred candidate for the job is or has been in receipt of a salary at a higher level than the grade minimum. Payment at a higher level would be subject to approval by their respective Chief Officer.

Bonus Payments and Performance Related Pay

The Council does not apply any bonus payments. The Council operates an appraisal system as part of its performance management strategy and except for Chief Officers (see above) this is not linked to pay.

Equalities

The Council is committed to equality of opportunity for all. All members of staff will be treated fairly based on ability, performance, and contribution irrespective of their employment or contractual status and personal circumstances, i.e., part time, fixed term. The Council monitors equalities data and this policy shall be applied fairly, consistently, and equitably for all employees irrespective of race, gender, disability, age, offending past, caring or dependency status, religion or belief, sexual orientation, marital or civil

partnership status, pregnancy or maternity or gender identity and it is incumbent on those managing this policy to ensure that this is the case.

Chief Officer Job Evaluation

For Chief Officers, the Council uses the nationally recognised Hay Job Evaluation Scheme. The scheme is an analytical one that takes into consideration three key elements of a post:

- Know How – the levels of knowledge, skill and experience (gained through work experience, education and training which are required to perform the job successfully.
- Problem Solving – the complexity of thinking required to perform the job when applying Know How.
- Accountability – the impact the job has on the organisation and the constraints the job holder has on acting independently.

The Council undertook reviews of Chief Officer's roles and associated pay arrangements in 2014. Therefore, current arrangements are modern for the business needs of the Council.

IV) Additional Payments

There may be occasions when an employee is asked to carry out additional duties to those of their substantive post for a period. In such circumstances an additional payment may be made in line with the Council's Additional Payments policy. The policy provides a framework to ensure the continued fairness, equitability and affordability of the pay and grading structure and differentiates between the following scenarios:

Honoraria

Subject to certain conditions, employees who are temporarily required to undertake some or all of the duties of a higher graded posts are eligible to be paid an honorarium. Details of the scheme can be found in the Council's Additional Payments Policy.

Market Supplements

From time to time, it may be necessary to take account of the external pay levels in the employment market in order to attract and retain employees with particular experience, skills and capacity and apply a time limited, market supplement. Where necessary, the Council will ensure the requirement is objectively justified by reference to a clear and transparent evidence of relevant market comparators, using data sources available from the local government sector and outside, as appropriate. The Council uses market supplements sparingly as a practice.

V Salary Protection

The Council will take reasonable steps to protect an employee's basic pay where it is reduced because of:

- Organisational change
- Redeployment where the individual is at risk of or under notice of redundancy and is redeployed or assimilated into either a lower graded post or a post which attracts a lower total remuneration package than their previous post

The Council protects the remuneration of employees for a maximum of twelve months from the date of the change to basic pay, subject to a maximum of one grade difference or equivalent between the old post and the new post.

6. Chief Officer Remuneration

i) Definitions of Chief Officer

For the purposes of this statement, 'Chief Officers' are as defined within S43 of the Localism Act. The relevant occupied posts within the Council are as follows:

- a) Chief Executive (including Head of Paid Service)
- b) Chief Officer, Governance
- c) Chief Officer, Streetscene and Transportation
- d) Chief Officer, Planning, Environment and Economy
- e) Chief Officer, Social Services
- f) Chief Officer, Education and Youth,
- g) Chief Officer, Housing and Community

These officers are responsible for working alongside and advising elected members on the strategic direction of the Council, carrying out the stated aims of the Council, ensuring the efficiency and effectiveness of all services provided by the Council and its partners, and providing overall day to day operational management of services.

A new single grade and pay range for the new Chief Officer group was introduced in June 2014. All roles in the structure are positioned in the same single incremental range, given that all roles are broadly the same size, other than the Chief Executive. Placing the new Chief Officer roles on the same grade also removes any hierarchy at senior management level and reflects the single, collective tier.

All roles have access to the same four increments. The pay range has a clear rationale, building on the options developed with the independent advice from Hay Group and being mindful of both affordability and the relativity to management roles in the grades below. The range overlaps with the increments which existed for the former Heads of Service

but falls below the former Director pay. It also represents a consistent policy of paying between the lower quartile and the median. Progression through the range is based on performance. The approach is affordable and fair and has ensured that the Council can meet its financial targets for the reduction of senior management costs.

ii) Policy on the Remuneration of Chief Officers

The Terms and Conditions of employment applicable to Chief Officers are as determined by the JNC (Joint Negotiating Council) for Chief Officers of Local Authorities (or JNC for Chief Executives of Local Authorities) as amended/ supplemented or superseded by decisions on conditions of service made by the Council from time to time and contained within the Council's Employment Policies and Procedures.

iii) Recruitment of Chief Officers

The Council's policy and procedures for the recruitment of Chief Officers is set out within Article 15, 15.01 sub section (b) of the Constitution.

The Council's Management Structure is as approved by Council. The Job Descriptions and Person Specifications for each Chief Officer post are approved prior to advertisement by the Council's appointment panel which comprises seven elected members. The determination of the remuneration to be offered to any newly appointed Chief Officer will take account of such factors as the requirements of the job, the relative size of the organization, local and national market rates, and the relationship with other posts within the grading structure. It is the responsibility of the Chief Executive to make and maintain arrangements for the professional management of the Council to meet both its legal duties and its business needs.

There is a requirement under the Welsh Government Regulations that all vacant posts with a salary of over £100,000 are publicly advertised. The only exception to this new rule is where the appointment is for 12 months or less. It is also possible to divide up the duties from one deleted Chief Officer post between other existing post holders.

iv) Chief Officer Salaries

Details of the Chief Officers basic salary as at 1 April 2022 are set out below:

Grade	Annual Salary April 2022
Chief Executive Point 01	£135,564
Chief Executive Point 02	£139,436
Chief Executive Point 03	£143,310
Chief Executive Point 04	£147,182
Chief Officer Point 1	£91,117
Chief Officer Point 2	£ 94,504
Chief Officer Point 3	£897,891

Chief Officer Point 4	£ 102,407
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The Council has a statutory duty to appoint a Returning Officer for specified Elections and Referenda. The Chief Executive undertakes this role and is paid for discharging these functions in accordance with prescribed fees. The Returning Officer duties are not part of the Chief Executive's substantive role.

The appointment of Electoral Registration Officer is required by S8 Representation of the People Act 1983, and the appointment of Returning officer by S35 Representation of the People Act, 1983. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. For these externally sponsored elections any fee is funded through grant awarded by the Welsh Government or the UK Government. Local authorities have the discretion to set the fee for local elections and this Council has does so contractually.

v) Additions to Salary of Chief Officers

The Council does pay all reasonable travel and subsistence expenses on production of receipts and in accordance with JNC conditions and other local conditions. Part III changes which formed part of the Single Status Agreement have removed other previous entitlements. A number of senior employees choose not to claim in full expenses to which they are contractually entitled as a 'conscious' voluntary decision given the current financial constraints.

Annual leave and bank holiday entitlements are determined by the terms and conditions of the different employee groups. Entitlements to annual leave are pro-rata for part time employees. The ability to carry over accrued leave has been temporarily amended to reflect the changes in The Working Time (Coronavirus) (Amendment) Regulations 2020.

vi) Performance Related Pay and Bonuses

The Council does not apply any bonuses or performance related pay to its Chief Officers pay. However, the annual increment (if not already at top of scale) is only awarded once the Annual Appraisal has been passed as satisfactory (page 7 refers).

All Chief Officers have annual and mid-year appraisals, and the Chief Executive has an annual appraisal facilitated by an external party as per national guidance and the post holder's contractual rights.

vii) Payments on Termination

The Council's policies for redundancy payments and retirement are set out respectively within its Discretionary Compensation Scheme and Early Retirement Policy.

Under the Local Government (Early Termination of Employment) Discretionary Compensation) (England and Wales) Regulations 2006, the Council applies its discretion under Regulation 5 in the case of both voluntary and compulsory redundancy to base any payments on an employee's actual week's pay.

Under Regulation 6, the Council makes redundancy payments (compulsory and voluntary) to employees based upon the statutory redundancy payments scale which are calculated by multiplying a number of weeks based on their age and length of service (subject to a maximum of 20 years' service) by their actual weekly rate of pay, as follows:

- 0.5 week's pay for each year of employment in which the employee was aged 21 and below
- 1 week's pay for each year of employment in which the employee was aged 22 to 40 inclusive.
- 1.5 week's pay for each year of employment during which the employee was aged 41 or over.

For employees under the age 55 (or aged 55 and over and are *not* members of the Local Government Pension Scheme (LGPS) apply a multiplier of 1.5 times the redundancy payment as calculated above.

Any severance packages with a value more than £100,000 will be reported to Full Council for a decision. This policy applies to severance packages whether or not it is made pursuant to a settlement agreement. However, it does not apply in relation to the cost of early access to, and/or enhancement of a retirement pension, where the employee's employment is terminated on grounds of ill health.

Since April 2020 employers are liable to pay Class 1A national insurance contributions on termination payments above £30,000 that are subject to income tax by the employee. The Council will fully comply with this requirement.

viii) Publication of Chief Officer and Other Senior Post Salaries

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full-time equivalent salary is over £60,000 per annum the Council's Annual Statement of Accounts will include a note setting out by post the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination; and
- any benefits received that do not fall within the above.

ix) Pay Increases – Chief Officers

The Council employs Chief Officers under JNC terms and conditions which are incorporated into their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of the same is determined on this basis. Chief Officers employed on JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual arrangements.

x) Other Employee Benefits

The Council is responsible for supporting the health, safety, and wellbeing of its employees in order to ensure that they can perform at their best. As part of this approach and in common with other large employers the Council provides a small number of non-pay benefits such as eye test reimbursement for users of display screen equipment at work, leisure and retail discounts through our eRewards and Vectis card scheme childcare vouchers via a salary sacrifice scheme (following the Government’s closure of such schemes, this benefit is now only available for those who joined the scheme prior to October 2018) and participation in the Cycle to Work scheme.

An in-house team of medical experts within our Occupational Health service, give advice in support of positive mental and physical health. In addition, all employees have access to our Employee Assistance Programme (EAP) via CareFirst which provides emotional and practical support for issues at home or in work. These services are available online and via a free phone number 24 hours a day, 365 days of the year

7. Independent Remuneration Panel for Wales (IRMPW)

Section 143A of the Local Government (Wales) Measure 2011 refers to the Independent Remuneration Panel in Wales (“the IRP”) and sets out their functions in relation to salaries of heads of paid service. The IRP may make recommendations about any policy in this Pay Policy Statement which relates to the salary of the Council’s head of paid service and any proposed change to the salary of the Council’s Head of Paid Service. The Council, will, as required, consult the IRP in relation to any change to the salary of the head of paid

service which is not commensurate with a change of the salaries of the Council's other staff, and will have regard to any recommendation received from the IRP when deciding whether or not to proceed with making the change.

The Council is required to identify in this pay policy statement whether any such referral has been made to the IRP, and if so, the nature of the referral, the IRP's decision and the Council's response. **No referral was made to the IRP during 2022/2023.**

The Local Government (Wales) Act 2015 extends the power of the IRP, under section 143A of the Local Government (Wales) Measure 2011 to cover salaries payable to chief officers (using the Localism Act definition) as well as the head of paid service.

8. Remuneration of the Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are defined as those employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure post single status. As of 1st April 2022, this is **£20,258** per annum. The Council has adopted this definition as it is recommended in relevant guidance as the most easily understood.

The Council employs apprentices (and other such trainees) who are not included within the definition of 'lowest paid employees' and are paid less than the minimum spinal column point for other employees during their apprenticeship. The purpose of paying a lower salary is to reflect the nature and/or duration/frequency of their employment and to maximize the number of apprenticeships offered. There is an exception to this agreement in relation to Graduate Trainees who we have agreed should not earn less than our lowest evaluated rate of pay.

9. Pay Relativities within the Authority

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure, and the Governments Code of Recommended Practice on Data Transparency recommends the publication of the ratio between the highest paid salary and the median average salary of the whole of the Authority's workforce.

The median salary figure for the organisation is the middle value of all employees' salaries listed in numerical order. The median salary for Flintshire County Council based on a payroll extract as of 5th January 2023 is **£22,786**.

The multiples of pay for Flintshire County Council are as follows:

1. The multiple between the lowest paid (full time equivalent) employee (£20,258) and the Chief Executive (£135,564) is 1:6:69
2. The multiple between the lowest paid employee (£20,258) and mean average Chief Officer (£98,643) is 1:4:87
3. The multiple between the median (average) full time equivalent employee (£22,786) and the Chief Executive (£135,564) is 1:5:94

The interim Hutton Fair Pay Report noted that most 'top to bottom' pay multiples in the public sector are in the region of 1:8.1 to 1:12.1. The multiples in Flintshire are below the foot of this notional range and are showing a reducing pay range between 'top and bottom' year on year.

10. National Negotiating Bodies and Pay Awards

The National Joint Council negotiates the pay, terms, and conditions of employees in local authorities. It agrees an annual cost of living uplift to the national pay spine, on which each individual council decides where to place its employees. Each council considers a number of factors such as job size and local market conditions when deciding an employee's salary. There are no nationally determined jobs or pay grades in local government, unlike in other parts of the public sector.

As with other Welsh councils, this Council continues to comply with all national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions at a United Kingdom level.

On the 1st November 2022, a national pay agreement was reached in relation to Chief Executives and Chief Officers which provided for the basic salaries of all officers in scope of the JNC for Chief Officers of local authorities to be increased by £1,925 with effect from 1 April 2022.

11. National Living Wage (NLW)

In April 2016 a new (statutory) National Living Wage was introduced by the National Government which provides a supplement to the National Minimum Wage for those aged

25 and over. From 1st April 2023 the hourly rate will increase from £9.50 to £10.42 (which represents an increase of 9.7%).

The lowest rate of hourly rate of pay for a Council employee is currently £10.50 (SCP01) (pay award pending) which is £0.08 per hour higher than the National Living Wage from April 2023.

12. Real Living Wage (RLW)

The Real Living Wage is independently calculated each year by the Resolution Foundation and overseen by the Living Wage Commission. By paying the Real Living Wage employers are voluntarily ensuring that their employees can earn a wage which is enough to live on as determined by the Living Wage Foundation. The Real Living Wage increased by 10.1% to £10.90 per hour in November 2022.³

Becoming a living wage employer, is an aspiration of Welsh Government and the Councils Cabinet, however, if implemented it will introduce further compression of grades which if left unaddressed will have a negative impact on recruitment/retention. Accordingly, it will be necessary to undertake our own detailed pay modelling. A new pay model must pass the tests of being legal, equitable, workable, sustainable, acceptable, affordable and once concluded, it will be necessary to bring back an amended Pay Policy Statement to full Council.

13. Pension Benefits

All Council employees (apart from teachers) are entitled to join the local government pension scheme (LGPS) which is offered by the Local Government Employers. If employees are eligible, they will automatically become a member of the scheme (to join they must have a contract for at least 3 months duration and be under the age of 75). Employees can decide to opt out of the scheme. The benefits and contributions payable under the Fund are set out in the LGPS regulations. The rate of contribution is set by Actuaries advising the Clwyd Pension Fund and reviewed on a triennial basis to ensure the scheme is appropriately funded.

There are two sections to the LGPS - MAIN and 50/50. The main section is calculated using 1/49th of an individual's annual pensionable pay (CARE pay). The 50/50 section is a new option (since 01/04/2014). Employees who join this scheme, pay half contributions but build up half the normal pension. This is calculated using 1/98th of annual pensionable pay (CARE pay) instead of the 1/49th in the MAIN scheme.

The employee contribution bandings* for 2023/2024 are shown below

Band	Main Rate	50/50 Rate	2023/2024 actual pay

1	5.50%	2.75%	up to £16,500
2	5.80%	2.90%	£16,501 - £25,900
3	6.50%	3.25%	£25,901 - £42,100
4	6.80%	3.40%	£42,101 - £53,300
5	8.50%	4.25%	£53,301 - £74,700
6	9.90%	4.95%	£74,701 - £105,900
7	10.50%	5.25%	£105,901 - £124,800
8	11.40%	5.70%	£124,801 - £187,200
9	12.50%	6.25%	£187,201 +

**The pay band ranges are increased each April in line with the cost of living*

The Council has prepared a written statement of policy in relation to its exercise of certain discretionary functions, available under the LGPS regulations. The Council's Local Government Pension Scheme (LGPS) Discretionary Pension Statement is detailed in Appendix 2.

Teachers are entitled to join the Teachers' Pensions scheme. As the Teachers Pensions scheme is operated externally further information can be found on www.teacherspensions.co.uk

14. Re-engagement of Chief Officers

No Chief Officer who was previously made redundant or granted early retirement from the Council will be later re-employed or re-engaged either as an employee (Contract of Service), as a Consultant (Contract for Service) or through an external contractor commission to work on behalf of the Council.

This is aligned to the principles applied within the Voluntary Redundancy Policy which provides that employees who voluntarily leave the Council's employment under the Scheme should not be re-engaged in any capacity within a period of 24 months from the end of their employment, save for exceptional circumstances and only if approved by the Chief Executive as Head of Paid Service.

15. Non-Guaranteed Working Hours

In December 2016 the Welsh Government issued principles and guidance on the appropriate use of non-guaranteed hours arrangements in the devolved public services in Wales. These principles and guidance were developed by the Public Services Staff Commission in social partnership with the Welsh Government's Partnership Council and its sector groups. The Council is committed to the principles determined by Welsh Government which apply to those employees who are employed on a relief, casual or sessional basis. These employees are used in services within the Council where there is either a need to bring in an additional workforce in order to cover peaks in workload or where the workload is on a one-off basis.

16. Talent Management

The Council's approach to talent management is through the employee performance review (appraisal) process, which as well as placing an emphasis on performance, encourages the identification of learning objectives in the development of employee skills.

16. Partnership with Trade Unions

The Council will maintain the constructive partnership approach it has developed with the recognised Trade Unions and will continue to work closely with them on pay issues.

17. Future Legislation

The Council will comply with changes to legislation in relation to remuneration and exist payments requirements should legislation change.

18. Monitoring, Evaluation and Review

This Policy outlines the current position in respect of pay and reward within the Council and it will be reviewed to ensure that it meets the principles of fairness, equality, accountability, and value for money for the citizens of Flintshire County Council.

The Policy will be reviewed at least annually and reported to Full Council for approval in accordance with statutory requirements.

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Chief Executive 1 April 2022

Grade	New Salary April 2022	Monthly Salary	Hourly Rate
CEO Point 01	£135,564.00	£11,297.00	£70.27
CEO Point 02	£139,436.00	£11,619.67	£72.27
CEO Point 03	£143,310.00	£11,942.50	£74.28
CEO Point 04	£147,182.00	£12,265.17	£76.29

Chief Officers 1 April 2022

Grade	New Salary 1 April 2022	Monthly Salary	Hourly Rate
New Chief Officer Point 1	£91,117.00	£7,593.08	£47.23
New Chief Officer Point 2	£94,504.00	£7,875.33	£48.98
New Chief Officer Point 3	£97,891.00	£8,157.58	£50.74
New Chief Officer Point 4	£102,407.00	£8,533.92	£53.08

National Minimum Wage & National Living Wage Rates 1 April 2022

Grade	Hourly Rate	Annual Salary	Monthly Salary
First Year Apprentice	£4.81	£9,279.86	£773.32
Age Under 18	£4.81	£9,279.86	£773.32
Aged 18 to 20 Inclusive	£6.83	£13,177.02	£1,098.09
Aged Over 21 and Under 23	£9.18	£17,710.84	£1,475.90
National Living Wage (aged 23 and over)	£9.50	£18,328.22	£1,527.35

Youth Workers Pay Scales

1 September 2022



Spinal Column Point	Salary 1 September 2022	Monthly Salary	Hourly Rate
03*	Deleted		
04*	Deleted		
05	£21,571.00	£1,797.58	£11.18
06	£21,900.00	£1,825.00	£11.35
07	£22,196.00	£1,849.67	£11.50
08	£22,874.00	£1,906.17	£11.86
09	£23,739.00	£1,978.25	£12.30
10	£24,416.00	£2,034.67	£12.66
11	£25,509.00	£2,125.75	£13.22
12	£26,576.00	£2,214.67	£13.78
13	£27,681.00	£2,306.75	£14.35
14	£28,825.00	£2,402.08	£14.94
15	£29,603.00	£2,466.92	£15.34
16	£30,416.00	£2,534.67	£15.77
17	£31,216.00	£2,601.33	£16.18
18	£32,021.00	£2,668.42	£16.60
19	£32,820.00	£2,735.00	£17.01
20	£33,622.00	£2,801.83	£17.43
21	£34,522.00	£2,876.83	£17.89
22	£35,542.00	£2,961.83	£18.42
23	£36,536.00	£3,044.67	£18.94
24	£37,534.00	£3,127.83	£19.45
25	£38,540.00	£3,211.67	£19.98
26	£39,545.00	£3,295.42	£20.50
27	£40,550.00	£3,379.17	£21.02
28	£41,568.00	£3,464.00	£21.55
29	£42,577.00	£3,548.08	£22.07
30	£43,588.00	£3,632.33	£22.59
31	£44,270.00	£3,689.17	£22.95
32	£45,391.00	£3,782.58	£23.53

* The deletion of Point 03 and Point 04 has removed Grade Points 01 – 04. Employees who were on this grade have been placed on a new grade of Fixed Point 05.

Flintshire County Council Green Book Pay Model 1 April 2022

	JE Range	Grade	SCP	Salary 1 April 2022	Monthly Salary	Hourly Rate
Officer Range	<305	G01 (old A & B)	01	£20,258.00	£1,688.17	£10.50
			02	£20,441.00	£1,703.42	£10.60
			03	£20,812.00	£1,734.33	£10.79
			04	£21,189.00	£1,765.75	£10.98
	306-369	G02 (old C & D)	05	£21,575.00	£1,797.92	£11.18
			06	£21,968.00	£1,830.67	£11.39
			07	£22,369.00	£1,864.08	£11.59
			08	£22,786.00	£1,898.83	£11.81
	370-395	G03 (old E)	09	£23,194.00	£1,932.83	£12.02
			10	£23,620.00	£1,968.33	£12.24
			11	£24,054.00	£2,004.50	£12.47
			12	£24,496.00	£2,041.33	£12.70
	396-440	G04 (old F)	15	£25,878.00	£2,156.50	£13.41
			17	£26,845.00	£2,237.08	£13.91
			19	£27,852.00	£2,321.00	£14.44
			20	£28,371.00	£2,364.25	£14.71
Senior Officer Range	441-480	G05 (old G)	24	£31,099.00	£2,591.58	£16.12
			25	£32,020.00	£2,668.33	£16.60
			26	£32,909.00	£2,742.42	£17.06
			27	£33,820.00	£2,818.33	£17.53
	481-525	G06 (old H)	28	£34,723.00	£2,893.58	£18.00
			29	£35,411.00	£2,950.92	£18.35
			30	£36,298.00	£3,024.83	£18.81
			31	£37,261.00	£3,105.08	£19.31
Manager Range	526-560	G07 (old I)	32	£38,296.00	£3,191.33	£19.85
			33	£39,493.00	£3,291.08	£20.47
			34	£40,478.00	£3,373.17	£20.98
			35	£41,496.00	£3,458.00	£21.51
	561-595	G08 (old J)	36	£42,503.00	£3,541.92	£22.03
			37	£43,516.00	£3,626.33	£22.56
			38	£44,539.00	£3,711.58	£23.09
			39	£45,495.00	£3,791.25	£23.58
	596-635	G09 (old K)	40	£46,549.00	£3,879.08	£24.13
			41	£47,573.00	£3,964.42	£24.66
			42	£48,587.00	£4,048.92	£25.18
			43	£49,590.00	£4,132.50	£25.70

Occupational Health Nurses Pay Scales

1 April 2022

Band	Salary 1 April 2022	Monthly Salary	Years until eligible for pay progression
Band 1 – Point 1*	£20,758.00	£1,729.83	
Band 2 – Entry Step Point	£20,758.00	£1,729.83	
Band 2 – Top Step Point	£21,318.00	£1,776.50	2
Band 3 – Entry Step Point	£21,730.00	£1,810.83	
Band 3 – Top Step Point	£23,177.00	£1,931.42	2
Band 4 – Entry Step Point	£23,949.00	£1,995.75	
Band 4 – Top Step Point	£26,282.00	£2,190.17	3
Band 5 – Entry Step Point	£27,055.00	£2,254.58	
Band 5 – Intermediate Step Point	£29,180.00	£2,431.67	2
Band 5 – Top Step Point	£32,934.00	£2,744.50	2
Band 6 – Entry Step Point	£33,706.00	£2,808.83	
Band 6 – Intermediate Step Point	£35,572.00	£2,964.33	2
Band 6 – Top Step Point	£40,588.00	£3,382.33	3
Band 7 – Entry Step Point	£41,659.00	£3,471.58	
Band 7 – Intermediate Step Point	£43,806.00	£3,650.50	2
Band 7 – Intermediate Step Point	£47,673.00	£3,972.75	3
Band 8a – Entry Step Point	£48,526.00	£4,043.83	
Band 8a – Top Step Point	£54,619.00	£4,551.58	5
Band 8b – Entry Step Point	£56,164.00	£4,680.33	
Band 8b – Top Step Point	£65,262.00	£5,438.50	5
Band 8c – Entry Step Point	£67,064.00	£5,588.67	
Band 8c – Top Step Point	£77,274.00	£6,439.50	5
Band 8d – Entry Step Point	£79,592.00	£6,632.67	
Band 8d – Top Step Point	£91,787.00	£7,648.92	5
Band 9 – Entry Step Point	£95,135.00	£7,927.92	
Band 9 – Top Step Point	£109,475.00	£9,122.92	5

* Band is closed for new entrants

Soulbury Pay Scales 1 September 2021

Assistant Educational Psychologists

Spinal Column Point	Salary 1 September 2021	Monthly Salary	Hourly Rate
01	£30,694.00	£2,557.83	£15.91
02	£31,948.00	£2,662.33	£16.56
03	£33,201.00	£2,766.75	£17.21
04	£34,448.00	£2,870.67	£17.86

Educational Psychologists

Senior

Spinal Column Point	Salary 1 September 2021	Monthly Salary	Hourly Rate
01	£38,865.00	£3,238.75	£20.14
02	£40,838.00	£3,403.17	£21.17
03	£42,811.00	£3,567.58	£22.19
04	£44,782.00	£3,731.83	£23.21
05	£46,755.00	£3,896.25	£24.23
06	£48,727.00	£4,060.58	£25.26
07	£50,584.00	£4,215.33	£26.22
08	£52,440.00	£4,370.00	£27.18
09	£54,179.00	£4,514.92	£28.08
10	£55,921.00	£4,660.08	£28.99
11	£57,544.00	£4,795.33	£29.83

and

Professional Educational Psychologists

Spinal Column Point	Salary 1 September 2021	Monthly Salary	Hourly Rate
01	£48,727.00	£4,060.58	£25.26
02	£50,584.00	£4,215.33	£26.22
03	£52,440.00	£4,370.00	£27.18
04	£54,179.00	£4,514.92	£28.08
05	£55,921.00	£4,660.08	£28.99
06	£57,544.00	£4,795.33	£29.83
07	£58,210.00	£4,850.83	£30.17
08	£59,456.00	£4,954.67	£30.82
09	£60,690.00	£5,057.50	£31.46
10	£61,945.00	£5,162.08	£32.11
11	£63,177.00	£5,264.75	£32.75
12	£64,431.00	£5,369.25	£33.40
13	£65,707.00	£5,475.58	£34.06
14	£66,941.00	£5,578.42	£34.70
15	£68,235.00	£5,686.25	£35.37

Educational Improvement Professionals (Soulbury)

Spinal Column Point	Salary 1 September 2021	Monthly Salary	Hourly Rate
01	£37,056.00	£3,088.00	£19.21
02	£38,383.00	£3,198.58	£19.89
03	£39,637.00	£3,303.08	£20.54
04	£40,907.00	£3,408.92	£21.20
05	£42,168.00	£3,514.00	£21.86
06	£43,431.00	£3,619.25	£22.51
07	£44,758.00	£3,729.83	£23.20
08	£46,035.00	£3,836.25	£23.86
09	£47,522.00	£3,960.17	£24.63
10	£48,849.00	£4,070.75	£25.32
11	£50,158.00	£4,179.83	£26.00
12	£51,425.00	£4,285.42	£26.65
13	£52,860.00	£4,405.00	£27.40
14	£54,140.00	£4,511.67	£28.06
15	£55,553.00	£4,629.42	£28.79
16	£56,831.00	£4,735.92	£29.46
17	£58,113.00	£4,842.75	£30.12
18	£59,371.00	£4,947.58	£30.77
19	£60,668.00	£5,055.67	£31.45
20	£61,338.00	£5,111.50	£31.79
21	£62,626.00	£5,218.83	£32.46
22	£63,749.00	£5,312.42	£33.04
23	£64,985.00	£5,415.42	£33.68
24	£66,093.00	£5,507.75	£34.26
25	£67,278.00	£5,606.50	£34.87
26	£68,434.00	£5,702.83	£35.47
27	£69,616.00	£5,801.33	£36.08
28	£70,815.00	£5,901.25	£36.71
29	£72,016.00	£6,001.33	£37.33
30	£73,215.00	£6,101.25	£37.95

Leadership and Head Teacher Pay Scales September 2022

SCP	Salary 1 September 2021	New Salary 1 September 2022	Monthly Salary
Point L01	£42,934.00	£45,081.00	£3,756.75
Point L02	£44,008.00	£46,209.00	£3,850.75
Point L03	£45,107.00	£47,363.00	£3,946.92
Point L04	£46,230.00	£48,542.00	£4,045.17
Point L05	£47,381.00	£49,751.00	£4,145.92
Point L06	£48,571.00	£51,000.00	£4,250.00
Point L07	£49,877.00	£52,371.00	£4,364.25
Point L08	£51,029.00	£53,581.00	£4,465.08
Point L09	£52,302.00	£54,918.00	£4,576.50
Point L10	£53,646.00	£56,329.00	£4,694.08
Point L11	£55,038.00	£57,790.00	£4,815.83
Point L12	£56,307.00	£59,123.00	£4,926.92
Point L13	£57,714.00	£60,600.00	£5,050.00
Point L14	£59,153.00	£62,111.00	£5,175.92
Point L15	£60,624.00	£63,656.00	£5,304.67
Point L16	£62,237.00	£65,349.00	£5,445.75
Point L17	£63,665.00	£66,849.00	£5,570.75
Point L18*	£64,620.00	£67,851.00	£5,654.25
Point L18	£65,266.00	£68,530.00	£5,710.83
Point L19	£66,886.00	£70,231.00	£5,852.58
Point L20	£68,543.00	£71,971.00	£5,997.58
Point L21*	£69,544.00	£73,022.00	£6,085.17
Point L21	£70,240.00	£73,752.00	£6,146.00

Point L22	£71,984.00	£75,584.00	£6,298.67
Point L23	£73,766.00	£77,455.00	£6,454.58
Point L24*	£74,847.00	£78,590.00	£6,549.17
SCP	Salary 1 September 2021	New Salary 1 September 2022	Monthly Salary
Point L24	£75,596.00	£79,376.00	£6,614.67
Point L25	£77,474.00	£81,348.00	£6,779.00
Point L26	£79,391.00	£83,361.00	£6,946.75
Point L27*	£80,553.00	£84,581.00	£7,048.42
Point L27	£81,358.00	£85,426.00	£7,118.83
Point L28	£83,376.00	£87,545.00	£7,295.42
Point L29	£85,441.00	£89,714.00	£7,476.17
Point L30	£87,568.00	£91,947.00	£7,662.25
Point L31*	£88,841.00	£93,284.00	£7,773.67
Point L31	£89,731.00	£94,218.00	£7,851.50
Point L32	£91,961.00	£96,560.00	£8,046.67
Point L33	£94,245.00	£98,958.00	£8,246.50
Point L34	£96,575.00	£101,404.00	£8,450.33
Point L35*	£97,996.00	£102,896.00	£8,574.67
Point L35	£98,976.00	£103,925.00	£8,660.42
Point L36	£101,426.00	£106,498.00	£8,874.83
Point L37	£103,947.00	£109,145.00	£9,095.42
Point L38	£106,520.00	£111,846.00	£9,320.50
Point L39*	£108,035.00	£113,437.00	£9,453.08
Point L39	£109,116.00	£114,572.00	£9,547.67
Point L40	£111,838.00	£117,430.00	£9,785.83
Point L41	£114,632.00	£120,364.00	£10,030.33
Point L42	£117,504.00	£123,380.00	£10,281.67
Point L43	£119,248.00	£125,211.00	£10,434.25

Head Teachers Groups and Pay Ranges		
Group	Range of SCPs	Salary Range
1	L06 - L18*	£51,000.00 - £67,851.00*
2	L08 - L21*	£53,581.00 - £73,022.00*
3	L11 - L24*	£57,790.00 - £78,590.00 *
4	L14 - L27*	£62,111.00 - £84,581.00*
5	L18 - L31*	£68,530.00 - £93,284.00*
6	L21 - L35*	£73,752.00 - £102,896.00*
7	L24 - L39*	£79,376.00 - £113,437.00*
8	L28 - L43	£87,545.00 - £125,211.00

Qualified Teachers Pay Scales September 2022

Main Scale

SCP	Salary 1 September 2021	New Salary 1 September 2022	Monthly Salary
W00 Point 01	£27,491.00	£28,866.00	£2,405.50
W00 Point 02	£27,491.00	£28,866.00	£2,405.50
W00 Point 03	£29,699.00	£31,184.00	£2,598.67
W00 Point 04	£31,987.00	£33,587.00	£2,798.92
W00 Point 05	£34,506.00	£36,232.00	£3,019.33
W00 Point 06	£37,974.00	£39,873.00	£3,322.75

Upper Pay Scale

SCP	Salary 1 September 2021	New Salary 1 September 2022	Monthly Salary
P00 Point 07	£39,368.00	£41,337.00	£3,444.75
P00 Point 08	£40,827.00	£42,869.00	£3,572.42

P00 Point 09	£42,333.00	£44,450.00	£3,704.17
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Additional Learning Needs (ALN) Allowance

Minimum:	£2,426.00	Maximum:	£4,786.00
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Teaching and Learning Responsibility (TLR) Payments

TLR1	Minimum	£8,859.00	Maximum	£14,990.00
TLR2	Minimum	£3,071.00	Maximum	£7,497.00
TLR3	Minimum	£611.00	Maximum	£3,028.00

Unqualified Teachers Pay Scales September 2022

SCP	Salary 1 September 2021	New Salary 1 September 2022	Monthly Salary
U04 Point 01	£18,487.00	£19,412.00	£1,617.67
U04 Point 02	£20,637.00	£21,669.00	£1,805.75
U04 Point 03	£22,786.00	£23,926.00	£1,993.83
U04 Point 04	£24,936.00	£26,183.00	£2,181.92
U04 Point 05	£27,088.00	£28,443.00	£2,370.25
U04 Point 06	£29,238.00	£30,700.00	£2,558.33

Local Government Pension Scheme (LGPS) Discretionary Pension Statement

Date 1st April 2023 – 31st March 2024

Version 1

Document type: Policy

PART A

The regulations of the LGPS require every employer to

- (i) issue a written policy statement on how it will exercise the various discretions provided by the scheme,
- (ii) keep it under review and
- (iii) revise it as necessary.

This document meets these requirements stating the regulation requirement and the organisation decision on these.

These discretions are subject to change, either in line with any change in regulations or by due consideration by Flintshire County Council. These provisions do not confer any contractual rights.

The LGPS Employer Discretions Policy is the Council's written policy statement detailing all mandatory employer discretions the LGPS recommend employers also publish.

Some of these discretions are also referred to in relevant HR policies, for example the Flexible Retirement and Early Retirement policies.

This statement will be published on the Councils website at www.flintshire.gov.uk

The Regulations referred to are:

- R:** The Local Government Pension Scheme Regulations 2013 (as amended)
- TP:** The LGPS (Transitional Provision and Savings) Regulations 2014
- A:** The Local Government Pension Scheme (**Administration**) Regulations 2008 (as amended)
- B:** The Local Government Pension Scheme (**Benefits, Membership and Contributions**) Regulations 2007 (as amended)
- T:** The Local Government Pension Scheme (**Transitional Provisions**) Regulations 2008
- L:** The Local Government Pension Scheme Regulations 1997 (as amended)

2013 Regulations and Transitional 2014 Regulations

Employer Discretion		Regulation	FCC Policy
Shared Cost APC's	Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R16(2)(e) & R16(4)(d)	Due to potential cost burden Flintshire County Council will not contribute towards the cost of the employee purchasing additional pension.
Extension to Shared Cost APC's	Whether to extend 30 day deadline for member to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserved forces service leave)	R16(16)	It is not the policy of Flintshire County Council to extend the 30 day deadline.
Shared AVC's	Whether, how much, and in what circumstances to contribute to shared cost Additional Voluntary Contributions (AVC's) arrangements	R17(1) & definition of SCAVC in RSch 1	Under Regulation 17 of the LGPS Regulations 2013, Flintshire County Council will exercise the discretion to allow LGPS members to contribute to a shared cost salary sacrifice additional voluntary contribution scheme.
Right to Return of contributions in cases of fraud or grave misconduct.	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless Employer directs a total or partial refund is to be made	R19 (2)	It is not the policy of Flintshire County Council to refund contributions to the member.
Flexible Retirement	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	The Council have a policy on Flexible Retirement which requires a minimum reduction of 20% in hours/salary with no backfill arrangements. An employee, aged 55 and over may request flexible retirement and each case will be considered on its own merits following full consideration of

			<p>any compelling compassionate reasons and all financial and service delivery implications via a retirement panel.</p> <p>This does not preclude younger employees, under 55 years of age requesting flexible working but without the payment of their retirement benefits.</p> <p>Please refer to the full Flexible Retirement Policy</p> <p>The Council may review its policy at any time.</p>
	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)	It is not the policy of Flintshire County Council to waive, in whole or in part any actuarial reduction resulting from Flexible Retirement unless the actuarial reduction (arising from the pension strain) is of a de minimis amount and the request meets all other policy criteria.
Early Retirement Waive Actuarial Reduction	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership)	R30(8)	<p>The Council have a policy on Early Retirement. Any employee from their 55th birthday can voluntarily retire and access their benefits with an actuarial reduction.</p> <p>An employee may request that Flintshire County Council waive in full or in part their reduction on compelling compassionate grounds only. Each case will be considered on its own merits following full consideration of all financial and service delivery implications via a retirement panel.</p> <p>The Council may review its policy at any time</p>
85 Year Rule	Whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits	TPSch 2, para 1(2) & 1(1c)	Employees can request that the Council 'switch on' the 85 year rule, if they are eligible.

	on or after age 55 and before age 60 (other than on the grounds of flexible retirement)		<p>To be eligible, the employee's LGPS Service (all service) and their age must equal 85 years or more, and they must have joined the pension scheme before 1st October 2006.</p> <p>Deferred members from the age of 55 can access their deferred pension benefits early without employers consent, however the pension income will reduce after the actuarial reduction is applied.</p> <p>The Council may review its policy at any time.</p>
Waiving Actuarial Reduction	<p>Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership):</p> <p>a) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006,</p> <p>b) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive,</p>	TP3(1), TPSch 2, para (2)1, B30(5) & B30A(5)	<p>If it is agreed to apply the '85 year rule', Flintshire County Council may waive the actuarial reduction in full or in part following careful consideration of the financial implications and affordability.</p> <p>Each case will be considered on its own merits including any compelling compassionate reasons and following full consideration of all financial and service delivery implications via a retirement panel.</p> <p>The Council may review its policy at any time.</p>

	<p>c) on compassionate grounds (pre 1 April 2016 membership) and in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2006 and will be 60 by 31 March 2016,</p> <p>d) on compassionate grounds (pre 1 April 2020 membership) and in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive</p>		
Grant Additional Pension	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a. on 1 April 2014 - this figure is inflation proofed annually)	R31	It is not the policy of Flintshire County Council to award additional pension
Transferring in non LGPS pension rights	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	It is not the policy of Flintshire County Council to consider extending the time limit for a transfer in of previous pension rights to proceed after twelve months.
Employee Contribution Rate	Determine rate of employees' contributions and review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pa	R9(1) & R9(3)	The tiered contribution rate for each employee will be based on the pensionable pay elements. Basic salary is assessed at the full time equivalent rate, in each post an employee holds at 1 April. The contribution rate will be re-assessed annually on implementation/application (regardless of when the award is made) of the annual pay award. Re-assessment will take place at any point in the year where there is a material change for example:-

			Promotion, demotion, incremental progression.
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2018 Amended Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55.	R31(2) of the LGPS Regulations 1997].	It is not the policy of the Council to allow deferred benefit applications on or after age 50 and before age 55.

2008 Scheme (Administration) Regulations and 2007 Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5), TPSch 2, para 2(1)	Ordinarily The Council will not waive any actuarial reduction for deferred members on compassionate grounds.
	Whether to 'switch on' the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1c)	The Council will not "switch on" the 85 year rule.

1997 and 1995 Scheme Regulations

Employer Discretion		Regulation	FCC Policy
Deferred Benefits	Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds.	TP3 (5A) (vi)TL4, L106(1) & D11(2c)	It is not the policy of the Council to allow deferred benefit applications on or after age 50 and before age 55.

The policy in respect of each employer discretion is set out above, however, the council may give further consideration where there are exceptional circumstances and clear merit, or where the cost is not considered to be significant or material.

Equal Pay Audit

Gender and Diversity Pay
Gap Reporting



2022

Contents

1.0	Introduction	3
2.0	Background	3
3.0	What does the audit cover?	3
3.1	A Gender Pay Audit	3
3.2	Equal Pay Audit.....	4
3.3	The Gender Pay Gap.....	4
4.0	Methodology and Data Collection.....	5
4.1	Definitions of Mean and Median	5
5.0	Workforce Composition.....	6
5.1	Pay Scales	6
6.0	Gender Pay Gap Analysis – All employees on all terms and conditions	7
6.1	Gender Pay Gap Analysis - Chief Officer Terms and conditions	8
6.2	Gender Pay Gap Analysis – Green Book terms and conditions – NJC Pay Tables	8
7.0	Full and Part time Staff.....	12
8.0	Disability Analysis	15
9.0	Ethnicity Analysis.....	16
10.0	Religion.....	16
11.0	Working to close the gap	17
12.1	Gender monitoring.....	17
12.2	Focus on marketing Family Friendly policies and procedures	17
12.3	Review the provision of flexible and alternative ways of working	17
12.4	Minimise any negative impacts from pay and grading structures.....	18
12.5	Policy to practice Training	18
12.6	Apprenticeships	18
12.7	Data gaps.....	18
12.0	Conclusion.....	18
13.0	Action Plan/Priorities	20

1.0 Introduction

Flintshire County Council supports the principle of equal pay for equal work of equal value and recognises that there should be a pay and grading structure which is free from bias and based on objective criteria. The Council's principal terms and conditions for staff were harmonised under the Single Status Agreement of 1997, which was implemented in June 2014, following a full job evaluation exercise across the Council. Job evaluation is a systematic way of determining the value/worth of a job compared to other jobs within an organisation. All (Green Book) jobs were evaluated using the GLPC (Greater London Provincial Committee) Job Evaluation Scheme.

This is the fifth equal pay audit that Flintshire County Council has undertaken since the implementation of the Single Status Agreement and it is part of our commitment to be a fair and equitable employer; an employer that ensures its employees are not subjected to unfair discrimination.

A data extract from the Council's payroll system iTrent was taken on 31st March 2022 and this audit has focused on an analysis of **all** employees within the organisation across the full range of terms and conditions.

2.0 Background

The Equality Act gives a right to equal pay for equal work. Employers are responsible for providing equal pay and for ensuring that the pay systems are transparent. The Equality and Human Rights Commission code of practice recommends equal pay reviews as the most appropriate method of ensuring that a pay system delivers equal pay free from discrimination.

3.0 What does the audit cover?

The report contains the following:

3.1 A Gender Pay Audit

This is a broad analysis of how pay rates are distributed by gender across Flintshire County Council. The gender pay gap is defined as the difference between the average male and female pay rates.

This analysis does not look at whether there are differences in pay for men and women in equivalent posts and so the results will be affected by differences in the gender composition across our various professional groups and job levels. Gender pay reporting does not take into consideration the difference in size of roles either. Reporting the total gender pay gap of an organisation reveals the difference in the level of roles performed by men and women. A gender pay gap may be indicative of talent management and diversity issues, reflecting higher proportions of female employees in more junior roles and/or employed in roles which are valued lower in the market.

3.2 Equal Pay Audit

An Equal Pay Audit involves the specific comparison of the pay of male and female colleagues, investigating the causes of any pay gaps by gender, ethnicity, disability or working pattern and planning to close any gaps that cannot be justified on grounds other than one of those characteristics.

There are a number of benefits of conducting an equal pay audit:

- Identifying, explaining and, where justifiable, eliminating pay inequalities.
- Supporting rational, fair and transparent pay arrangements.
- Demonstrating to employees a commitment to equality.
- Demonstrating the Council's values to external stakeholders.
- Helping to meet the public sector equality duty.

3.3 The Gender Pay Gap

The gender pay gap refers to the difference between men's pay and women's pay as a percentage of men's pay. If the gender pay gap is 15% then women, on average, earn 15% less than men. Gender pay gaps can be either positive or negative, with a negative gender pay gap indicating that women earn, on average more than men. Gender pay gaps are an important element in analysing and monitoring progress on equal pay both nationally and within organisations.

The Gender pay Gap is different to equal pay. Equal pay is the equal payment of men and women for undertaking the same work. Within Flintshire County Council, men and women are paid equally for doing equivalent roles, as decided by our job evaluation scheme.

The current gender pay gap in the UK, based on median hourly earnings, excluding overtime for full time workers is 7.9%. This was 7.0% in April 2020 and 9.0% in April 2019. The gap for all employees (full and part time) is 15.4% in 2021 from 15% in 2020 and 17.4% in 2019. This data is from the ONS Annual Survey of Hours and Earnings (2021).

4.0 Methodology and Data Collection

The Equality and Human Rights Commission guidelines for undertaking equal pay audits has been followed and the data has been analysed using the definitions and methodologies advocated in national guidelines.

The data was extracted from the Council's HR and Payroll system "iTrent" on 31st March 2022,. Data was analysed for all employees irrespective of their terms and conditions to provide an overall gender pay gap, with further analysis focusing on certain groups of employees.

Analysis of this data has been undertaken to consider the following:

- Workforce composition including male, female, BME (black minority ethnic) and disability.
- Average male/female pay gap across pay grades.
- Distribution of males/females across pay grades.
- Distribution of full and part time workers across pay grades.
- Gender profile of full and part workers.

The gender pay gap is calculated using the mean and median salaries of female employees expressed as a percentage of the mean and median salaries of male employees doing work of equal value. 'Salary' is the full time equivalent salary.

4.1 Definitions of Mean and Median

Mean – a measure of the average which is derived by summing values for a given sample, and then dividing the sum by the number of observations in the sample. In earnings, the mean can be disproportionately influenced by a relatively small number of high paying jobs.

Median – the value below which 50% of all jobs fall. This is less affected by a small number of very high earners. This therefore gives a better indication of typical pay than the mean.

5.0 Workforce Composition

From the data extract taken on 31st March 2022, the Council has 6849 (occupied positions). This is not a head count number as a significant proportion of our employees hold multiple positions across the organisation. This is an increase of 72 (occupied positions) from the 2021 audit.

Table 1: Workforce Composition

Females	% Females	Males	% Males
5307	77.4%	1542	22.6 %

Total Workforce Demographic



We have seen an increase in occupied positions this year with an overall increase of 72 employees. There is a minor increase in female occupied positions compared to a minor decrease in male occupied positions.

5.1 Pay Scales

As the data used in this report is as of 31 March 2022, the applicable pay scales are the 2021-2022 pay scales, which came into effect on 1st April 2021 with the pay award. It should be noted that as the bands within the pay scales are relatively short and, designed as such to minimise the likelihood of pay discrimination occurring. All pay information provided is per annum unless otherwise specified.

6.0 Gender Pay Gap Analysis – All employees on all terms and conditions

There are **6849** permanent occupied positions (staff records) for employees of Flintshire County Council across the full range of terms and conditions of employment. This is not a head count number as a significant number of our employees hold multiple positions across the organisation.

The table below provides a breakdown of all terms and conditions, gender numbers and the average salaries for each group.

Table 2: Average Salary for Males and Females on different terms and conditions

Payment Table	Female Count	Female Average Salary	Male Count	Male Average Salary	Total Count	Total Average Salary	Gender Pay Gap
Chief Officers/Chief Executive	2	£94,837.00	4	£108,771.25	6	£104,126.50	12.81%
Head Teachers	118	£59,841.03	80	£62,919.21	198	£61,084.74	4.89%
Local Rates			2	£2,467.00	2	£2,467.00	100.00%
Members			1	£1,200.00	1	£1,200.00	100.00%
National Trainees	11	£16,291.54	19	£17,179.94	30	£16,873.59	5.17%
NJC Pay Table 2019	4097	£22,964.61	1128	£27,167.51	5225	£23,871.96	15.47%
Occupational Health Nurses(New)	2	£46,123.00	0	£0.00	2	£46,123.00	N/A
Single Status Pay Scale (2014)	0	£0.00	1	£0.00	1	£0.00	N/A
Soulbury/Y&C Officers/Ed. Psychos	19	£51,913.00	3	£53,441.00	22	£52,121.36	2.86%
Teachers- Basic Scale	990	£38,923.49	280	£38,864.76	1270	£38,910.54	-0.15%
Teachers- Unqualified (Assimilated)	11	£25,914.55	6	£24,220.33	17	£25,316.59	-6.99%
Unison Pay Structure	1	£22,025.00	0	£0.00	1	£22,025.00	N/A
Youth Workers	43	£25,465.56	17	£25,144.41	60	£25,374.57	-1.28%
Occupational Health Nurses	2	£38,973.50	0	£0.00	2	£38,973.50	N/A
(blank)	11	£0.00	1	£0.00	12	£0.00	N/A
Grand Total	5307	£26,929.70	1542	£31,208.67	6849	£27,893.80	13.71%

Overall the average salary for women across all grades and terms and conditions is **£26,929.70** and the average salary for men across all grades and terms and conditions is **£31,208.67** giving an **overall** Gender Pay Gap of **13.71%**. This is using the **mean** method of calculating average pay. This is a slight reduction on last year (2021) which was 13.75%

Using the **median method**, the average salary for men across all Grades and terms and conditions is **£26,900** and the average salary for females across all grades and terms and conditions is **£20,861** giving an overall gender pay gap of **22.45%**. This is a slight

increase in the median pay gap from 2021 (21.12%) this is likely to be attributable to slight increase in average salary for male employees.

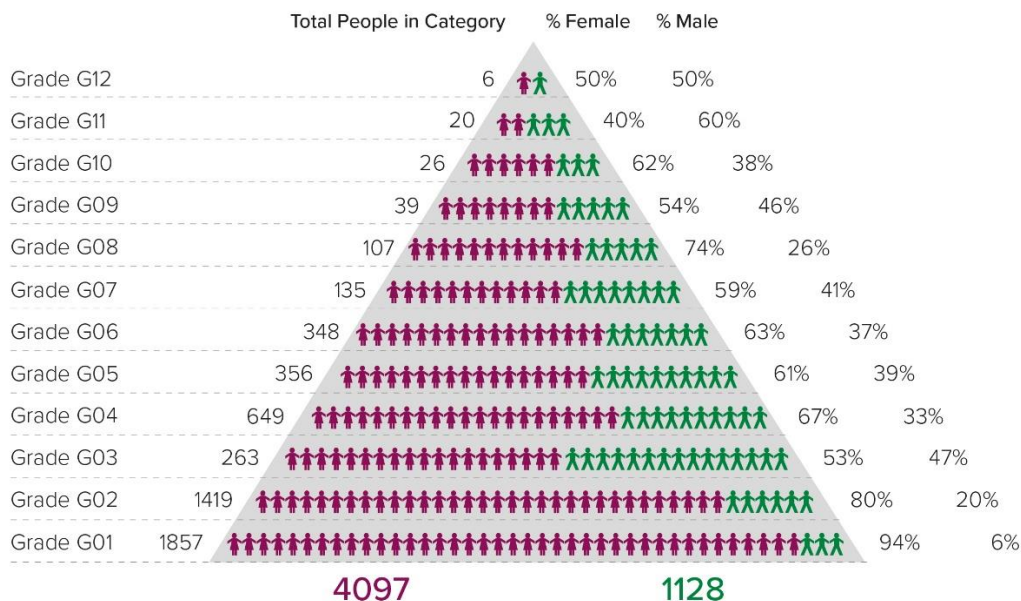
As you can see from the data in the table, the biggest gender pay gaps remain in Chief Officers and NJC Pay Table (Green Book). The Chief Officer pay gap has increased from 2021 and there is a slight increase in the NJC Pay Table pay gap from 13.75% to 15.47%. This gender pay gap is attributable to the unequal distribution of males and females within the group. This report will therefore analyse data from these areas in more detail.

6.1 Gender Pay Gap Analysis - Chief Officer Terms and conditions

The data confirms a pay gap of 12.81%, within this area, a significant increase from 6.35% in 2021. There are two females within this group compared to 4 males. The pay gap is attributable to the fact that both the females are relatively new into post, whereas the male comparators have been in post a while and have progressed to the top of the Chief Officer pay scale. This will equalise in time.

6.2 Gender Pay Gap Analysis – Green Book terms and conditions – NJC Pay Tables

The majority of our employees, are working under Green Book terms and conditions (NJC pay table) and their roles have been evaluated using the GLPC method of Job Evaluation (5225 records).



Using the mean method of calculation, the average salary for females across all NJC grades (grade 01 to grade 12) is **£22,964** and the average salary for males across all grades is **£27,167** giving an overall gender pay gap of **15.47%** which has slightly increased from 15.37% in 2021.

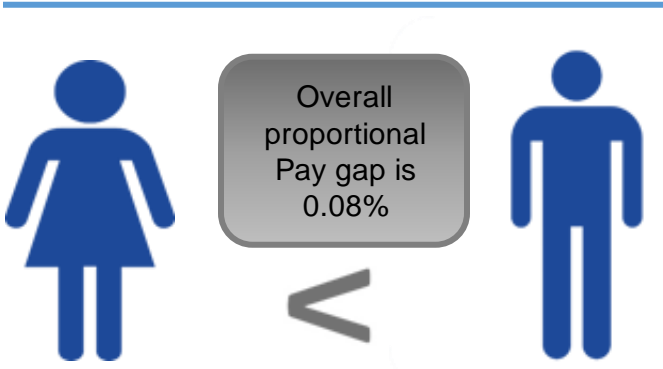
Using the median method of calculation, the average salary for women across all NJC grades (grade 01 to Grade 12) is **£20,861** and the average salary for males across all grades is **£23,953**, giving an overall gender pay gap of **16.32%** (*which is a decrease from 19.57% in 2021*)

There has been a slight increase in average salaries for female employees in 2022 and an overall decrease in the male average salary, which is likely to be attributable to incremental progression for female new starters over the past few years.

Table 3: Distribution of Male and Females employees by grade including average basic salary

Grade	Female Count	Female Average Salary	Male Count	Male Average Salary	Total Count	Total Average Salary	Gender Pay Gap
G01	1739	£18,976.77	118	£18,906.84	1857	£18,972.33	-0.37%
G02	1141	£20,474.75	278	£20,490.42	1419	£20,477.82	0.08%
G03	139	£22,209.58	124	£22,243.89	263	£22,225.75	0.15%
G04	435	£25,816.95	214	£25,696.49	649	£25,777.23	-0.47%
G05	217	£31,164.21	139	£31,052.99	356	£31,120.79	-0.36%
G06	219	£34,791.89	129	£34,605.93	348	£34,722.96	-0.54%
G07	80	£38,997.56	55	£39,439.98	135	£39,177.81	1.12%
G08	79	£42,731.30	28	£42,932.57	107	£42,783.97	0.47%
G09	21	£46,749.38	18	£46,877.17	39	£46,808.36	0.27%
G10	16	£52,816.38	10	£52,781.80	26	£52,803.08	-0.07%
G11	8	£59,994.75	12	£59,737.92	20	£59,840.65	-0.43%
G12	3	£73,941.00	3	£73,337.33	6	£73,639.17	-0.82%
Grand Total	4097	£22,964.61	1128	£27,167.51	5225	£23,871.96	15.47%

Overall Proportional Pay Gap



This is a typical gender profile for a large county council that comprises large groups of female dominant roles. A number of observations can be made about the data presented in the table. There is a large proportion of employees in Grade G01 and G02 at the bottom of the pay table which you would expect to see in a large organisation.

The mean salaries for male and female are relatively similar within each grade. The mean male salary within grades G02, G03, G07, G08 and G09 are slightly higher, by less than 0.50% except for Grade 7 where the mean average salary for males is higher by 1.12%.

Mean female salaries are slightly higher in some grades (Grade G01, G04, G05, G06, G10, G11 and G12).

The highest pay gap is 1.12% in Grade G7, which is likely to be due to the timescales at which the males and females were appointed into the role and thus have move up the incremental scale.

The proportional pay gap between the NJC grades is 0.08% which has reduced from 0.25% in 2021, 0.29% in 2020 and 0.35% in 2019. This is the average pay gap between male and female salaries across all the grades.

This data provides reassurance that the Council's NJC Pay Model is robust and has improved the gender pay gap overall and within each grade.

The clustering of male employees on higher grades and female employees on lower and middle grades has a significant impact on the gender pay gap.

There is no evidence that the gender pay gap is attributable to direct or indirect unfair discrimination in our processes or decision making. Possible reasons for the pay gap could be:-

- The labour market experience of women; length and breaks in employment.
- Female self-selection for part time work.
- Elements of occupational segregation.

Common causes of occupational segregation, including vertical segregation, are gender stereotyping (attitudes which stereotype roles which males and females should have in society), inflexible working (women with children struggle to find work commensurate with their skills, abilities and aspirations, that they can balance with childcare and other caring responsibilities) and recruitment practices (the way jobs are advertised and recruitment processes).

Types of Occupational Segregation

Occupational segregation by gender, refers to the unequal distribution of women and men across different types and levels of work. This can perpetuate gender inequality in the workplace and contribute to the gender pay gap.

Horizontal segregation occurs where there are clusters of one gender in a role. For example, caring roles are typically carried out by females and construction roles are typically carried out by males.

Vertical segregation occurs when the jobs that are predominantly carried out by one gender results in an uneven distribution of employees in the pay and grading structure, that is not representative of the overall gender workforce profile.

Research to date has uncovered a range of important issues that contribute or are related to the gender pay gap. A significant review of the gender pay gap by UK Government Equalities Office concludes that the most important factor influencing the gender pay gap is the effects of interruptions to employment and the lack of ‘good’ part time work. These findings are supported by numerous studies.

Despite significant initiatives in local government and the health sector, there has been little progress in closing the gender pay gap in the public sector, which currently stands at 15.4%¹. Part of the lack of progress in the gender pay gap in the public sector is explained by the lack of representation of females in senior management roles in the sector. Women represent 53% of all employees in the civil service but occupy only 33% of senior management roles.

Table 4: Mean Gender Pay Gap

	Gender Pay Gap UK
All employees	15.4%
Full Time	7.9%
Part Time	-2.7%
Public Sector	18%
Private Sector	19.6%
Non-profit body or mutual association	20.8%

Source: ONS Annual Survey of Hours and Earnings 2021

Women are considerably more likely to be in health and social work and education sectors than men, who are more likely to be in manufacturing, construction and transport (horizontal segregation). Traditionally, health, social work and education tends to be delivered by the public sector. Accordingly, women are significantly more likely to work for a public sector employer. According to the EHRC, 40% of women work in the public sector compared to only 15% of men. This is quite significant for Flintshire County Council, with the gender distribution of the workforce being 77% female.

7.0 Full and Part time Staff

¹ Source ONS Annual Survey of Hours and Earnings 2020

Table 5: Distribution of Male and Female by Basis

Basis	Female Numbers	Average Salary	Male Numbers	Average Salary	Total	Total Average Salary	Gender Pay Gap
Full Time	1841	£34,475.37	1259	£32,919.47	3100	£33,841.82	-4.73%
Full Time Term Time	118	£25,124.33	15	£26,937.20	133	£25,328.79	6.73%
No Basis	2	£19,650.00	1	£1,200.00	3	£10,425.00	-1537.50%
Part Time	1265	£27,717.79	147	£26,261.27	1412	£27,566.16	-5.55%
Part Time Term Time	2081	£19,920.95	120	£20,132.72	2201	£19,932.49	1.05%
Grand Total	5307	£26,929.70	1542	£31,208.67	6849	£27,893.80	13.71%

A comparison between the earnings of full-time employees and part-time employees has been calculated across all terms and conditions within the Council.

The pay gap between a full time males salary (average £32,919) against a part time females salary (average £27,717) is 15.80%, which is a decrease from 16.82% in 2021. There is a positive gender pay gap between full time females and full time males of 4.73% meaning full time females earn on average 4.73% more than full time males.

The proportion of females in part time work and the quality of part time work available in the UK are closely associated with its relatively high gender pay gap in comparison to international standards. Around 1 in 5 jobs in the UK is part time but 4 in 10 females work in part time employment. These proportions have remained constant since the early 1990's.

While opportunities for part time work in the UK has increased rapidly, there are concerns about the quality of these jobs, particularly pay, career progression, training and other conditions of employment.

In shifting to part time work, women are also likely to downgrade their occupational status due to lack of suitable part time opportunities that fit their skill set. Research has found that a third of female corporate managers move to a lower skill occupation after having a child with two thirds of these moving into clerical work.

Table 6: Full and Part Time analysis – Percentage of Male and Female by Basis and Grade (NJC Pay Tables)

Grade	Female												Male										Grand Total	
	Full Time		Full Time Term Time		No Basis		Part Time		Part Time Term Time		Total		Full Time		Full Time Term Time		Part Time		Part Time Term Time		Total			
G01	16	0.31%	23	0.44%	0	0.00%	209	4.00%	1491	28.54%	1739	33.28%	6	0.11%	1	0.02%	34	0.65%	77	1.47%	118	2.26%	1857	35.54%
G02	273	5.22%	27	0.52%	1	0.02%	428	8.19%	412	7.89%	1141	21.84%	228	4.36%	3	0.06%	23	0.44%	24	0.46%	278	5.32%	1419	27.16%
G03	75	1.44%	1	0.02%	0	0.00%	62	1.19%	1	0.02%	139	2.66%	94	1.80%	0	0.00%	28	0.54%	2	0.04%	124	2.37%	263	5.03%
G04	179	3.43%	37	0.71%	0	0.00%	82	1.57%	137	2.62%	435	8.33%	194	3.71%	5	0.10%	8	0.15%	7	0.13%	214	4.10%	649	12.42%
G05	140	2.68%	20	0.38%	0	0.00%	45	0.86%	12	0.23%	217	4.15%	124	2.37%	4	0.08%	10	0.19%	1	0.02%	139	2.66%	356	6.81%
G06	168	3.22%	4	0.08%	0	0.00%	43	0.82%	4	0.08%	219	4.19%	122	2.33%	2	0.04%	5	0.10%	0	0.00%	129	2.47%	348	6.66%
G07	62	1.19%	1	0.02%	0	0.00%	15	0.29%	2	0.04%	80	1.53%	51	0.98%	0	0.00%	4	0.08%	0	0.00%	55	1.05%	135	2.58%
G08	66	1.26%	4	0.08%	0	0.00%	8	0.15%	1	0.02%	79	1.51%	28	0.54%	0	0.00%	0	0.00%	0	0.00%	28	0.54%	107	2.05%
G09	19	0.36%	0	0.00%	0	0.00%	2	0.04%	0	0.00%	21	0.40%	18	0.34%	0	0.00%	0	0.00%	0	0.00%	18	0.34%	39	0.75%
G10	13	0.25%	0	0.00%	0	0.00%	3	0.06%	0	0.00%	16	0.31%	9	0.17%	0	0.00%	1	0.02%	0	0.00%	10	0.19%	26	0.50%
G11	8	0.15%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	8	0.15%	12	0.23%	0	0.00%	0	0.00%	0	0.00%	12	0.23%	20	0.38%
G12	3	0.06%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	3	0.06%	3	0.06%	0	0.00%	0	0.00%	0	0.00%	3	0.06%	6	0.11%
Grand Total	1022	19.56%	117	2.24%	1	0.02%	897	17.17%	2060	39.43%	4097	78.41%	889	17.01%	15	0.29%	113	2.16%	0	0.00%	1128	21.59%	5225	100.00%

This table demonstrates vertical and horizontal segregation between males and females across the grades within the County Council. Out of all the employees (male and female) on Green Book terms and conditions, the highest percentage of employees are female who work part time, term time, within Grade G01 (28.54%) which will be attributable to schools support staff, school escorts and passenger assistants. The majority of our employees are within Grade G01 and G02, which is as expected. This also reflects our OD principles with a flatter structure and less layers and levels.

8.0 Disability Analysis

Table 7: Disability analysis of all employees

Disabled	Number	Percentage	Average Salary
No	4316	63.02%	£28,135.96
Not Known	475	6.94%	£29,864.79
Yes	179	2.61%	£26,256.44
(blank)	1879	27.43%	£26,993.98
Grand Total	6849	100.00%	£27,893.80

** Note: It has not been possible to produce a meaningful view of a grade-by-grade comparison and of occupational segregation due to low numbers, as noted above.*

There are a significant number of employees who have not declared their disability status or for whom this status is not known and this makes it difficult to undertake a robust analysis of pay by disability status. Out of the 6849 records across all County Council employees, 179 (**2.61%**) have disclosed a disability, 4316 (**63.02%**) have declared themselves as not disabled and 2058 (**30.04%**) have not disclosed any information in relation to a disability. The data has improved since the 2021 audit (35.75% hadn't disclosed) with a decrease in the numbers of employees who have not disclosed their disability status. However there is still **30.04%** of the workforce who have not declared.

There is a 6.68% mean pay gap between all employees across the County Council with a registered disability and those who have declared themselves as not disabled. This means the average salary of a disabled person is on average 6.68% lower than a non-disabled person. This data however, is not considered to be robust due to the high proportion (30.04%) of employees who have not declared information on disability.

All employees are encouraged to utilise the employee self-service on the HR system to disclose information in relation to protected characteristics. On-going work within this area will continue.

9.0 Ethnicity Analysis

Table 8: Ethnicity Pay Gap

Ethnic Origin	Number	Percentage	Average Salary
White	4552	66.46%	£28,604.76
BME	48	0.70%	£36,209.67
Blank/Prefer not to say	2249	32.84%	£26,422.06

There are significant number of staff who have chosen not to disclose their ethnicity or who have not provided any information on their ethnic origin (32.84%). This has slightly improved from 2021, where the figure was 33.98% but, this makes it difficult to undertake a robust analysis of pay by ethnicity.

4552 have disclosed their ethnicity as “white” (66.46%) and 48 employees have disclosed their ethnicity as BME (Black or Minority Ethnic) (0.70 %.) Please note the ethnic profile of Flintshire County is 98.5% white (2011 census – office for national statistics). The Ethnicity pay gap is -26.59% which shows that BME employees earn on average 26.59% more than those who have disclosed their ethnicity as White. However due to high number of employees who have not stated their ethnicity or we do not have the information this is not considered to be robust enough for meaningful data.

10.0 Religion

Table 9 Religion Pay Gap

Religion	Count	%	Average Salary
Christian	2251	32.87%	£28,290.39
None	1402	20.47%	£26,623.97
Prefer Not To Say/Blank	3077	44.93%	£28,002.84
Non- Christian	119	1.74%	£26,332.46
Grand Total	6849	100.00%	£27,893.80

The proportion of the total population of employees who have declared their religion or belief as Christian is 32.87% and 1.74 % have declared another religion or belief (such as Buddhist, Hindu, Jewish, Muslim, Sikh or other), with 20.47% declaring no religion. For 44.93% religion or belief is unknown. However due to high number of employees who have not stated their Religion or we do not have the information this is not considered to be robust enough for meaningful data.

11.0 Working to close the gap

To date we have already made significant progress to tackle some of the challenges, for example:

- Introduction of a new pay and grading structure in April 2019 including the introduction of Senior Management grades to reduce the pay gap between the Chief Officers and other employees.
- Ongoing maintenance of job evaluation scores to stop grade drift and ensure a consistency of approach in the application of the job evaluation scheme.
- Comprehensive work/life balance policies to encourage a more flexible workforce.

Flintshire County Council is committed to reducing the gender pay gap and intends to continue addressing the following areas:

12.1 Gender monitoring

The Council will continue to have effective gender monitoring with our data being refreshed and republished annually and this data will remain on our website for comparison purposes.

12.2 Focus on marketing Family Friendly policies and procedures

We will continue to monitor our family friendly policies and actively encourage employees to utilise the schemes that are on offer. These can include simple steps such as encouraging male employees to consider taking shared parental leave and marketing the family friendly schemes that the Council offers. The introduction of a new hybrid working policy is also aimed to support employees balance home life and work life.

12.3 Review the provision of flexible and alternative ways of working

Flexible working has proved to be very beneficial to both employer and employee, with clear business benefits. Since the start of lockdown as a result of the Covid-19 pandemic a significant proportion of our workforce has been able to work from home. We have supported employees and maintained essential services by providing even greater flexibility in terms of patterns of work to help balance work and family commitments, facilitate learning at home and caring responsibilities. Flintshire County Council therefore commits to ensure, as far as reasonably possible, all promotions can successfully function with flexible working arrangements in place, including those at senior levels, demonstrated by two chief officers working flexibly and leading by example.

12.4 Minimise any negative impacts from pay and grading structures

The organisation is still committed to reviewing our pay and grading structure in 2022/2023 to ensure as an organisation our pay and grading structure is modern, equitable and fit for purpose. As part of this exercise we are also reviewing and updating our school support staff role profiles to ensure they are relevant and fit for purpose.

12.5 Policy to practice Training

It is good practice to ensure all managers are aware of any policy changes and in particular have received appropriate training on what is required of them and how their role can support equality and diversity within the workplace. Following a successful year of policy to practice training in 2021/2022 with over 300 managers trained, we will continue to work closely with the OD team to deliver training and provide briefing sessions to managers on Council people related policies and procedures.

12.6 Apprenticeships

We are working hard to advance equality of opportunity for young people We continue to expand the variety of apprenticeships offered ensuring young people are developing skills in areas of growth and demand which enhances employability. Recent additions have been within digital marketing with a focus on improving and expanding our social media presence, marketing our apprentice scheme to a wider audience of young people as well as working on marketing general vacancies across the Council.

12.7 Data gaps

We continue to have gaps in our data and will continue to encourage employees to update their diversity data when commencing new roles or through the self-serve iTrent portal.

12.0 The bigger picture

The gender pay gap measurement can never tell the whole story of our organisation as an employer committed to equality and equal treatment of our staff.

- We have an equality proofed pay and grading system that undergoes an annual Equal Pay Audit.
- We recognise and work in joint partnership with the recognised trade unions to negotiate pay and conditions, ensuring parity of pay on behalf of those who work for us.
- We do not pay bonuses or performance related pay.
- We support women having children by offering enhanced maternity leave and flexible working policies.
- We provide a wide range of flexible working opportunities as a means to support, develop and retain employees at work. We will continue to promote these initiatives going forward and hopefully encourage more females to take up more senior roles within the County Council
- We are disability confident employer (level 2)
- We have received a gold award under the MOD Employers Recognition Scheme (ERS)

13. 0 Conclusion

Over the last five years our gender pay gap improved year on year, however we have seen a very marginal increase this year.

Table 10 Gender pay gap by year

Gender Pay Gap	2017	2018	2019	2020	2021	2022
Overall	16.96%	13.65%	13.40%	13.11%	13.75%	13.71%
NJC/Green Book	18.60%	16.22%	15.45%	15.00%	15.37%	15.47%

Like many other large, diverse employers, our biggest challenge remains Occupational segregation. When we look across the County Council as a whole, women are more heavily concentrated in lower paid roles and in particular kinds of roles.

Occupational segregation is one of the barriers which prevents women and men fulfilling their potential in the labour market and consequently contributes to the pay gap. Women tend to be concentrated in lower paid jobs and the lower grades within the organisation.

We need to ensure that the pool of talent and skills available to employers is not inhibited by stereotypical perceptions of what women and men do and that everyone’s skills are being utilised to the maximum potential.

The Audit provides reassurance that the County Councils job evaluation scheme and the processes within which it operates are robust and meet equality requirements.

Flintshire County Council is committed to delivering equal treatment of its employees regardless of their gender or other protected characteristics. The Equality and Diversity Infonet pages provide further information about the equality initiatives the County Council is currently engaged with.

As we monitor the sizes of our gender pay gaps within Flintshire County Council, we will seek to continue to ensure that our HR policies and practices help to improve awareness across the organisation and help close the gender pay gap.

14.0 Action Plan/Priorities

Action Point 1:

Over the next few years, we will focus on encouraging more staff to complete the optional equality data questionnaire in order to increase the amount of data we have on our workforce.

This will allow us to set a baseline, identify gaps in our workforce and to undertake audits based on other protected characteristics. We will employ various methods of doing this including an advertising campaign and raising the awareness of staff members who are new to the self-service system.

We will continue to encourage staff to complete the questionnaire over the next year through various means such as:

- sharing a message twice a year to remind people that the information can be changed, e.g. in a situation where a member of staff has got married or has had a long-term illness
- reminding anyone who has not completed it of the need to do so
- discussing with individual Service Manager to discover the best methods of reaching their workforce

Action 2.

In employment we have and will continue to support flexible working as a mechanism to support women and other workers with caring, home schooling or other commitments.

We will encourage uptake of shared parental leave. The gender pay gap widens after women have children, but this could be reduced if women and men were to share childcare more equally.

We will continue to review and improve our support for staff experiencing disability as a result of a mental health condition. Particularly following the COVID-19 pandemic, the impact of poor mental health may be experienced more acutely, and we want to ensure that staff remain able to develop and progress in these circumstances.

We will review our pre-employment medical checks, to encourage better discussions with staff from the start of their employment regarding disability/underlying health conditions, to help reduce stigma/concern around reporting disability, and better enable us to identify and make reasonable adjustments.

We will work with existing staff regarding recognition of what disability in the workplace means to improve our reporting levels and understanding of our disability representation, and better enable us to support their progression / make reasonable adjustments.

Action 3.

Upon the roll out of a new integrated HR and Payroll System, we will improve our HR reporting and people information, enabling better quality of information to be reported, and potential gender imbalances to be identified and addressed as appropriate, for example:

- Reviewing the numbers of male and female applicants for specific roles.
- Evaluation of the number of female and male employees accessing maternity, paternity, and shared parental leave entitlements, and the proportion still in post 12 months after returning.
- Evaluation of the number of female and male employees employed at each pay grade.
- Reviewing our exit interview information to better understand if one gender is leaving for specific reasons compared to the other

Action 4.

As part of our new People and Organisational Development strategy, we will look to develop a plan to encourage applicants for underrepresented and occupationally segregated roles (both male and female).

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