

Public Document Pack

Gareth Owens LL.B Barrister/Bargyfreithiwr
Chief Officer (Governance)
Prif Swyddog (Llywodraethu)



Contact Officer:
Sharon Thomas 01352 702324
sharon.b.thomas@flintshire.gov.uk

To: Allan Rainford (Chairman)

Councillors: Bernie Attridge, Glyn Banks, Allan Marshall, Ted Palmer,
Andrew Parkhurst and Linda Thomas

Co-opted Members:
Sally Ellis and Rev Brian Harvey

19 July 2023

Dear Sir/Madam

NOTICE OF REMOTE MEETING
GOVERNANCE AND AUDIT COMMITTEE
WEDNESDAY, 26TH JULY, 2023 at 10.00 AM

Yours faithfully

Steven Goodrum
Democratic Services Manager

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**

Purpose: To receive any apologies.

2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

Purpose: To receive any Declarations and advise Members accordingly.

3 **MINUTES** (Pages 5 - 16)

Purpose: To confirm as a correct record the minutes of the meeting held on 14 June 2023.

4 **DRAFT STATEMENT OF ACCOUNTS 2022/23** (Pages 17 - 182)

Report of Corporate Finance Manager -

Purpose: To present the draft Statement of Accounts 2022/23 for Members' information only at this stage.

5 **SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2022/23** (Pages 183 - 188)

Report of Corporate Finance Manager -

Purpose: To provide Members with supplementary financial information to accompany the draft accounts as per the previously agreed Notice of Motion.

6 **TREASURY MANAGEMENT ANNUAL REPORT 2022/23 AND TREASURY MANAGEMENT UPDATE Q1 2023/24** (Pages 189 - 218)

Report of Corporate Finance Manager -

Purpose: 1. To present to Members the draft Treasury Management Annual Report 2022/23 for comments and recommendation for approval to Cabinet.

2. To provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices to the end June 2023.

7 **CERTIFICATION OF GRANTS AND RETURNS 2021/22** (Pages 219 - 236)

Report of Corporate Finance Manager -

Purpose: To inform Members of the grant claim certification by Audit Wales for the year ended 31 March 2022.

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

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GOVERNANCE AND AUDIT COMMITTEE
14 JUNE 2023

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 14 June 2023

PRESENT:

Co-opted members: Sally Ellis, Rev Brian Harvey and Allan Rainford
Councillors: Bernie Attridge, Glyn Banks, Allan Marshall, Andrew Parkhurst and Linda Thomas

SUBSTITUTION: Councillor: Ted Palmer (for Ryan McKeown)

APOLOGY: Chief Executive

ALSO PRESENT: Emma Heath - Strategic Performance Advisor and Nicolas Wilcock - Principal Accountant attended as observers

IN ATTENDANCE: Councillor Ian Roberts (Leader of the Council), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion and Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager and Democratic Services Officer

Audit Wales representative: Carwyn Rees

Minute number 6

Jane Davies - Senior Manager (Safeguarding and Commissioning)

Minute number 7

Claire Homard - Chief Officer (Education & Youth) and Vicky Barlow - Senior Manager for School Improvement

Minute number 11

Sally Gee - Principal Auditor

1. SUBSTITUTION

Prior to the start of the meeting, the Committee agreed to allow Councillor Ted Palmer (who had undertaken the requisite training) to substitute for Councillor Ryan McKeown.

RESOLVED:

That Councillor Ted Palmer be permitted as a substitute for the meeting.

2. APPOINTMENT OF CHAIR

Councillor Bernie Attridge's proposal that Sally Ellis be re-appointed Chair was subsequently withdrawn at her request. The Committee was reminded that in the previous year, it had been agreed to rotate the Chair and Vice-Chair roles between the three lay members on an annual basis.

Councillor Attridge's subsequent nomination for Allan Rainford as Chair was seconded by Councillor Ted Palmer. As there were no further nominations, the proposal was put to the vote and carried.

Allan Rainford took the opportunity to thank Sally Ellis for the way in which she had carried out the role over the past year.

RESOLVED:

That Allan Rainford be appointed as Chair of the Committee for 12 months.

(From this point, Allan Rainford chaired the remainder of the meeting)

3. APPOINTMENT OF VICE-CHAIR

Councillor Bernie Attridge nominated Rev Brian Harvey as Vice-Chair and was seconded by Councillor Ted Palmer. There were no further nominations and on being put the vote, the proposal was carried.

RESOLVED:

That Rev Brian Harvey be appointed as Vice-Chair of the Committee for 12 months.

4. DECLARATIONS OF INTEREST

During minute number 7, Councillor Bernie Attridge declared a personal interest due to close family members employed in supported living services.

5. MINUTES

The minutes of the meeting held on 22 March 2023 were supported.

Matters Arising

Minute number 61: Councillor Andrew Parkhurst referred to the response on the confidentiality of asset disposal receipts and pointed out that the value of assets had previously been disclosed in a Cabinet meeting and was therefore a matter of public record at that time.

Minute number 68: Internal Audit Progress Report - the Internal Audit, Performance & Risk Manager would re-circulate the information on outstanding actions from the audit of Statutory Training in Streetscene & Transportation.

RESOLVED:

That the minutes be approved as a correct record.

6. AUDIT WALES REVIEW OF COMMISSIONING OLDER PEOPLE'S CARE HOME PLACEMENTS BY NORTH WALES COUNCILS AND BETSI CADWALADR UNIVERSITY HEALTH BOARD

The Senior Manager (Safeguarding and Commissioning) presented an update on the review of Commissioning of Older People's Care Home Placements by North Wales Councils and Betsi Cadwaladr University Health Board (BCUHB), following the initial report considered in September 2022. She detailed progress with actions across North Wales to address each of the five recommendations by Audit Wales, as set out in the report.

The Chairman commented on recent concerns raised by Audit Wales about BCUHB and was told that robust working relationships were in place with the Council to implement actions.

Sally Ellis gave a reminder that the Committee had requested that the update on actions include those relating to Welsh Government (WG), to give assurance on progress. Carwyn Rees advised that the expectation was for those actions to be subject to the WG formal committee process, similar to reporting arrangements in councils. On a further question, the Senior Manager said that whilst the report focussed on processes and commissioning efficiencies, there was a strong quality framework already in place including working with providers to identify improvements to benefit service users and escalation arrangements to address any inadequacies.

As requested by Councillor Bernie Attridge, the Senior Manager agreed to provide current data on delayed discharges in Flintshire which was also a significant challenge across the UK. Whilst speaking about the impact of widespread recruitment issues particularly in domiciliary care, she referred to the successful development of the micro-care programme which was welcomed by Members.

On the same topic, Rev Brian Harvey was informed of the long-term aim to recruit more Welsh speakers along with the range of initiatives to recruit and retain care workers to meet rising demand.

Councillor Glyn Banks suggested that a follow-up report be scheduled and that the recommendation reflect that some actions were ongoing. He commented on the need for WG to set realistic deadlines to increase the number of Welsh speakers over the longer term. When asked, the Senior Manager gave examples of arrangements within social services' settings to fulfil responsibilities on the Welsh language.

In response to a question from Councillor Andrew Parkhurst, information was shared on support arrangements for the micro-carer programme which provided resilience across communities.

The recommendation, as amended, was moved and seconded by Rev Brian Harvey and Councillor Bernie Attridge.

RESOLVED:

That Members note the completed and ongoing actions in response to the Audit Wales report.

7. ESTYN INSPECTION OF ADULT COMMUNITY LEARNING (ACL) WITHIN THE NORTH EAST WALES ADULT COMMUNITY LEARNING PARTNERSHIP

The Senior Manager for School Improvement presented the report and detailed the findings from the Estyn inspection of the North East Wales Adult Community Learning (ACL) Partnership. She provided background to the establishment of the Partnership between Flintshire and Wrexham to meet the aspirations of Welsh Government and the changing needs of adult learners by increasing capacity and maximising additional funding streams. She set out the basis of the inspection and key findings which recognised good leadership and strong support from both councils, the range of provision and impact on learners. The report acknowledged the Partnership's strong vision and ability to understand its strengths and areas for improvement, as demonstrated in the four Estyn recommendations which had already been identified through the self-assessment process. The positive outcomes meant that there was no requirement for any follow-up by Estyn who had invited the Partnership to prepare two case studies of positive practice which were published on the Estyn website.

Councillor Bernie Attridge thanked the officers for the positive report and in turn, the Senior Manager expressed her pride in the dedication and creativity of the small team and their proactive approach to accessing grant funding.

In response to questions, Rev Brian Harvey was given examples of the Partnership's ambitious plan to increase the number of Welsh Language learners and improve skills amongst learners and the workforce. To improve opportunities for learners to receive advice and guidance about joining the Partnership's provision, work was ongoing with partners to develop the use of social media to meet growing demand for adult learning provision.

The Chief Officer (Education and Youth) took the opportunity to formally thank the Senior Manager for her leadership, and Dawn Spence as the Co-ordinator for the service. She said that the Estyn report reflected the quality of teams working in the Partnership and that an annual report on adult community learning to the Education, Youth & Culture Overview & Scrutiny Committee would give assurance that progress on recommendations was being monitored.

Following a number of positive comments from Members, the Chairman asked that the team be thanked for their work and the positive outcomes, on behalf of the Committee.

The recommendation was moved by Councillor Bernie Attridge and seconded by Sally Ellis.

RESOLVED:

That the Committee notes the findings of the Estyn Inspection and is assured by the positive outcomes for adult community learning provision in Flintshire.

8. ANNUAL GOVERNANCE STATEMENT 2022/23

The Internal Audit, Performance & Risk Manager presented the Annual Government Statement (AGS) for 2022/23 which provided assurance on governance arrangements and risk management, to accompany the Statement of Accounts. The report detailed the process for preparing the AGS involving a challenge workshop with the Committee and questionnaire shared with Overview & Scrutiny Chairs and Cabinet. The Committee was also introduced to Emma Heath, the newly appointed Strategic Performance Advisor.

Following a question from the Chairman, it was confirmed that the mid-year report on progress against areas for improvement was scheduled for November.

In response to comments from Councillor Allan Marshall on reference to standards, it was explained that whilst these were not documented, they reflected the aspirations of the Council and were incorporated into a number of key policies. Officers agreed to amend reference to the organisation being 'lean' to clarify that this was about the resilience of the workforce.

On performance standards, Councillor Marshall raised concerns about the time taken to contact Housing officers by telephone. The Chief Officer (Governance) shared information on the standards adopted by the Customer Contact Centre which were subject to performance monitoring. He asked that Councillor Marshall contact him direct so that he could follow-up the concerns.

The recommendations were moved by Councillor Bernie Attridge and seconded by Rev Brian Harvey.

RESOLVED:

That the Annual Governance Statement 2022/23 be attached to the Statement of Accounts and recommended to Council for adoption.

9. ANNUAL AUDIT SUMMARY FOR FLINTSHIRE COUNTY COUNCIL

Carwyn Rees of Audit Wales presented the Annual Audit Summary which summarised the findings of audit, regulatory and inspection work undertaken at the

Council by Audit Wales (AW) during 2021/22. Overall this was a positive report with no formal recommendations made during the year.

The Chairman asked about future work on financial resilience and was advised that detailed financial audit position work would be scheduled towards the end of 2023/24.

When asked by Councillor Bernie Attridge about 'A Missed Opportunity - Social Enterprises', it was explained that this was a national piece of work involving extracting common messages from a sample of councils. Councillor Attridge asked how this could benefit Flintshire and in response, the officer agreed to review the report and liaise with the necessary officers to establish if this could be incorporated into the Audit Plan.

Sally Ellis referred to the Audit Wales report which reviewed the Council's arrangements to secure value for money in the use of resources. Carwyn Rees advised that the draft report would shortly be shared with the Council and it was agreed to include on the forward work programme for the Committee.

The proposal was moved and seconded by Councillor Bernie Attridge and Sally Ellis.

RESOLVED:

That the Committee is assured by the content and observations of the Auditor General for Wales' Annual Audit Summary Report for 2022.

10. RISK MANAGEMENT UPDATE

The Internal Audit, Performance & Risk Manager presented the update report to give assurance of progress in moving all risks into the new Risk Management system 'InPhase'.

Since the report in November 2022, the risk management framework had been shared with key officers and published online, with portfolios undertaking a review of their respective risks. The Performance and Risk Management team was now fully resourced and an e-learning module had been developed. All strategic risks had now been imported into InPhase and each risk would be allocated to the relevant Overview & Scrutiny Committee, with a process established to report regularly to the Chief Officer team and highlight any areas of non-compliance. As the next steps, the officer suggested that this Committee receives a high-level overview of strategic risks where risks were under-performing, including the direction of travel together, with a summary of those risks to consider whether the relevant Chief Officer should be invited to give explanation. The report would also include details of reporting to Overview & Scrutiny Committees to give further assurance.

The Chairman agreed with the suggestion, which would give the opportunity for the Committee to focus on particular areas of concern where needed.

The Internal Audit Manager took on board Rev Brian Harvey's comments that the Committee should be provided with enough information to clearly understand the issues to enable it to add value and make a difference.

Also speaking in support, Sally Ellis commented on the need to agree criteria for inviting Chief Officers to address the Committee on risks, to separate the roles of the Committee and Overview & Scrutiny. The officers agreed to incorporate this into the process.

The recommendation, as amended, was moved and seconded by Councillor Linda Thomas and Sally Ellis.

RESOLVED:

That having been assured that risks have been managed throughout the year, the Committee accepts the report and agrees that the level of information required is as suggested by the Internal Audit, Performance & Risk Manager.

At this point, there was a brief adjournment in the meeting.

11. INTERNAL AUDIT CHARTER

The Principal Auditor presented a report to consider the outcome of the latest review of the Charter to meet all legal and regulatory requirements, in which only minor changes had been identified.

In response to a question from the Chairman, the officer clarified that reference to services provided to external organisations was now reflected in the Charter, to accord with best practice.

The recommendation was moved and seconded by Councillors Bernie Attridge and Ted Palmer.

RESOLVED:

That the updated Internal Audit Charter be approved.

12. INTERNAL AUDIT ANNUAL REPORT 2022/23

The Internal Audit, Performance & Risk Manager presented the report which summarised the outcome of audit work undertaken during 2022/23, compliance with standards and the results of the quality assurance and improvement programme.

The officer provided an overview of key areas and confirmed her audit opinion that the Council had an adequate and effective framework of governance, risk management and internal control for the period. She advised that there were no limitations to the scope of Internal Audit coverage and no resource constraints.

In response to a question from Councillor Bernie Attridge on the scope of work, the Internal Audit Manager explained that the Audit Plan reflected resource levels with adjustments made where necessary. She said that work allocated for external organisations did not have a significant impact on the team. The Chief Officer (Governance) gave assurance of regular discussions with the Internal Audit Manager to ensure that sufficient capacity was retained in the team.

Sally Ellis referred to a number of red actions reported during the year, some of which involved revised deadlines and extended action plans. She acknowledged that this was a small number in the context of the overall Plan but sought assurance on this as part of the audit opinion.

The Internal Audit Manager said that her opinion reflected that actions were considered appropriate and that delays in implementation had mainly been due to resources, which was an issue across the Council. She agreed to incorporate a comment to this effect in the Annual Report. On further questions, she explained reporting arrangements for the findings of audit work for third parties and the need to balance the range of audit work to add value and support services.

In response to Councillor Glyn Banks' question on performance indicators, the officer explained the basis for agreeing a realistic audit completion target. Explanation was also given to Councillor Andrew Parkhurst on the criteria for the audit of third parties.

The recommendation was moved by Councillor Bernie Attridge and seconded by Sally Ellis.

RESOLVED:

That the report and Internal Audit annual opinion be noted.

13. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit, Performance & Risk Manager presented the regular update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last update, two Amber Red (some assurance) reports had been issued and there had been a reduction in overdue actions although some were long-standing.

The Chairman asked about progress with medium overdue actions relating to Payroll as this was an important service. Officers agreed to liaise with the service and share the response.

Sally Ellis referred to discussion at the previous meeting on the Amber Red overdue actions for Highways Structures and proposed that another invite be extended for the Chief Officer to attend the next meeting so that the Committee could receive an update on progress. On the Amber Red report issued for Corporate Complaints, she suggested that the relevant officer attend the September meeting to give assurance on actions.

Concerns about timely updates on overdue actions were echoed by Councillor Andrew Parkhurst who referred to the SARTH follow-up. He sought more detail on the two current investigations shown in the report and was informed that a summary of outcomes would be shared in closed session once those reviews had been completed. The Chairman suggested that any requests for information on the outcomes of completed investigations could be discussed in closed session at future meetings.

In response to Councillor Bernie Attridge's concerns about the number of days taken by departments to return draft reports, it was clarified that this was an average outturn for management responses to the findings of reviews.

Explanation was also given to Rev Brian Harvey on trend analysis for performance indicators where the direction of arrows showed comparison to last year.

Concerns were also raised by Cllr Glyn Banks about the number of high/medium overdue actions where no update had been provided. On outstanding actions relating to Domestic Energy, the officer agreed to liaise with the service to clarify how value for money was assessed.

The recommendations, as amended, were moved by Sally Ellis and seconded by Councillor Marshall.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the officer responsible for Highways be invited to attend in July 2023 to update the Committee on progress with Amber Red overdue actions identified within the report.

14. GOVERNANCE & AUDIT COMMITTEE SELF-ASSESSMENT - ACTION PLAN

The Chairman and Sally Ellis (former Chair) presented a report and action plan to address the findings of the self-assessment undertaken by the Committee in December 2022. The action plan would be used to demonstrate the effectiveness of the Committee and inform future development needs. A range of actions were identified along with timescales which would lead to further improvement within the Council.

The Chairman highlighted action 2.2 which reiterated the current practice for the Committee to invite responsible officers to provide explanation on key actions and risks, as demonstrated in the previous agenda item.

Councillor Bernie Attridge thanked the Chairman and Sally Ellis for their work on the report and welcomed the process to show accountability for actions. The Chairman advised that the Leader of the Council had agreed to meet with himself and the Vice-Chair on a quarterly basis.

The recommendation was moved and seconded by Councillor Bernie Attridge and Rev Brian Harvey.

RESOLVED:

That the action plan be accepted.

15. ACTION TRACKING

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings.

Cllr Andrew Parkhurst welcomed the information on the use of consultants and asked about the threshold for referral to this Committee if there was a substantial increase in spend. It was explained that the Committee had previously received reports on this matter until it had been satisfied that processes and controls had been strengthened. The Committee was able to make a request if there was a specific concern, however the matter was under the remit of the Corporate Resources Overview & Scrutiny Committee.

The Corporate Finance Manager reminded the Committee that consultancy spend formed part of the supplementary financial report which was received annually alongside the Statement of Accounts.

The recommendation was moved and seconded by Councillor Bernie Attridge and Sally Ellis.

RESOLVED:

That the report be accepted.

16. FORWARD WORK PROGRAMME

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration. She agreed to schedule the items requested at this meeting.

On that basis, the recommendations were moved and seconded by Councillors Bernie Attridge and Linda Thomas.

RESOLVED:

- (a) That subject to the changes, the Forward Work Programme be accepted; and
- (b) That the Internal Audit, Performance & Risk Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

17. **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 18 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

18. **CYBER RESILIENCE**

The Chief Officer (Governance) presented the report on the national letter and reports issued by Audit Wales which summarised learning from recent cyber-attacks in the public sector and the results of follow-up work. Whilst the report made no recommendations, Audit Wales had requested that local authorities in Wales discuss the content with their respective Governance & Audit Committees in private session without making the reports public.

In presenting the report, the Chief Officer provided information on arrangements within the Council to manage risks. He responded to questions and confirmed that the Council had undertaken an assessment against the findings, welcoming the suggestion for an action plan.

As it was clarified that responsibility for monitoring strategic risks was with the Corporate Resources Overview & Scrutiny Committee, Councillor Bernie Attridge proposed that the report be shared with that Committee to highlight the risks involved.

The recommendation, as amended, was moved and seconded by Councillors Linda Thomas and Andrew Parkhurst.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the item is scheduled for the Corporate Resources Overview & Scrutiny Committee to give assurance on the findings of the Audit Wales report and preparedness of the Council.

19. **ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

None.

The meeting started at 10am and finished at 1.15pm

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Chairman

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 26 th July 2023
Report Subject	Draft Statement of Accounts 2022/23
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the Council's Statement of Accounts for the 2022/23 financial year.

The Accounts and Audit (Wales) Regulations 2014 (as amended) specify that the statutory deadline for the approval of the draft Statement of Accounts by the Responsible Finance Officer is 31st May.

Due to the need to account appropriately for asset valuations at a time of high inflation and the legacy impacts of the pandemic, Welsh Government have again set an extended framework for draft completion of 31st July - the accounts were completed and submitted for audit on 12th July 2023 which is within the framework – as required, a notice explaining the delay has been included on the Council's website.

The draft Statement of Accounts is attached as Appendix 1 for Members' information and will now be audited over the summer prior to the final audited version being brought back to this Committee for final approval on 22nd November.

The statutory deadline for publishing the final audited Statement of Accounts for 2022/23 is 31st July 2023, however the temporary framework set out by Welsh Government extends this to 30th November.

Members may discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales throughout the period of audit and a copy of this report and the presentation will be shared with all Members of the Council.

RECOMMENDATIONS	
1	Members review the draft Statement of Accounts 2022/23 (which includes the Annual Governance Statement).
2	Members consider the opportunity to discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales during the audit period, prior to the final audited version being brought back to this Committee for final approval on 22 nd November.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The Accounts and Audit (Wales) Regulations 2014 (as amended) specify that the statutory deadline for the approval of the draft Statement of Accounts by the Responsible Finance Officer is 31 st May. Due to the need to account appropriately for asset valuations at a time of high inflation and the legacy impacts of the pandemic, Welsh Government have again set an extended framework for draft completion of 31 st July - the accounts were completed and submitted for audit on 12 th July 2023 which is well within the framework – as required, a notice explaining the delay has been included on the Council's website.
1.02	During 2022/23 not all assets valued under the Depreciated Replacement Cost basis have been revalued, only those in the current cycle were revalued in line with our accounting policy. Those assets not revalued were subject to an additional revaluation exercise to ensure the accounts are not materially misstated as at 31 st March 2023.
1.03	The draft Statement of Accounts is attached as Appendix 1 for Members' information and will now be audited over the summer.
1.04	At the completion of the audit, Audit Wales will provide a report and opinion on the Statement of Accounts. Any required adjustment as a result of the audit will be incorporated into the final version of the Statement of Accounts and the final version will be presented to this Committee on 22 nd November for approval.
1.05	The statutory deadline for publishing the final audited Statement of Accounts for 2022/23 is 31 st July 2023, however the temporary framework set out by Welsh Government extends this to 30 th November.
1.06	Audit Wales have shared a revised timetable for the audit of the Accounts for 2022/23, with a plan for a staged return to a 30 th September deadline over the next two years for the certification of the Accounts 2024/25. This is attached as Appendix 2.
1.07	The Council's draft Statement of Accounts have been prepared in accordance with the requirements of the 2022/23 Code of Practice on Local

	<p>Authority Accounting – which is based on International Financial Reporting Standards (IFRS) and include:</p> <ul style="list-style-type: none"> • The core financial statements and notes comprising – expenditure and funding analysis, comprehensive income and expenditure statement, movement in reserves statement, balance sheet and cash flow statement. • The supplementary financial statements – the housing revenue account income and expenditure statement, movement in reserves statement and notes. • The group accounts – incorporating the financial accounts of North East Wales (NEW) Homes Ltd and Newydd Catering and Cleaning Ltd with that of the Council's. • The Annual Governance Statement.
1.08	The draft Statement of Accounts includes the Annual Governance Statement. This was reviewed by the Governance and Audit Committee, at its meeting on the 14 th June.
1.09	There were no significant revisions to the 2022/23 Code of Practice.
1.10	Members may discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales throughout the audit period and a copy of this report and the presentation will be shared with all Members of the Council.
1.11	The inclusion of the Clwyd Pension Fund Accounts is no longer a requirement within the Council's Statement of Accounts. The Clwyd Pension Fund draft accounts are due to be signed off by the Section 151 Officer during August and will then be considered by the Pension Committee at the end of August. An update will be provided to the Governance and Audit Committee in November prior to final approval of the audited accounts by Pension Committee later that month.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are as set out in the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required and none undertaken.

4.00	RISK MANAGEMENT
4.01	The main risk is the Council not being able to meet its statutory deadlines for producing the Statement of Accounts. This is 31 st May for the draft version signed by the Responsible Finance Officer, which was not achieved

	<p>as discussed above; and 31th July for publishing the final version which has been externally audited, by Audit Wales in Flintshire's case. Welsh Government framework allows this to be extended to the deadline of the 30th November.</p> <p>Officers will be working closely with Audit Wales in preparing for the financial audit and to resolve queries arising. Progress will continue to be overseen by the Accounts Governance Group, a group of senior officers including the Chief Executive, Monitoring Officer and Section 151 Officer.</p>
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5.00	APPENDICES
5.01	<p>1. Draft Statement of Accounts 2022/23</p> <p>2. Letter to LG Bodies – Local Government – Audit of Accounts 2022/23</p>

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

7.00	GLOSSARY OF TERMS
7.01	<p>Audit Wales: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Financial Audit: The annual external audit of the Council's Statement of Accounts.</p> <p>Financial Year: the period of 12 months commencing on 1 April</p> <p>Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p>

STATEMENT OF ACCOUNTS

DRAFT

2022-23



CONTENTS

	Page
Flintshire County Council:	
Narrative Report	1 - 9
Statement of Responsibilities for the Statement of Accounts	10
Expenditure and Funding Analysis	11
Core Financial Statements:	
Comprehensive Income and Expenditure Statement for the year ended 31 st March 2023	12
Movement in Reserves Statement for the year ended 31 st March 2023	13
Balance Sheet as at 31 st March 2023	14 - 15
Cash Flow Statement for the year ended 31 st March 2023	16
Notes to the Core Financial Statements:	
1. Note to Expenditure and Funding Analysis	17 - 18
2. Segmental Income and Expenditure	19
3. Income and Expenditure Analysed by Nature	19
4. Other Operating Expenditure	20
5. Financing and Investment Income and Expenditure	20
6. Local Taxation and Non-Specific Grant Income	20 - 21
7. Adjustments between Accounting and Funding Basis Under Regulations	22 - 23
8. Property, Plant and Equipment	23 - 26
9. Investment Properties and Agricultural Estate	27 - 28
10. Assets Held For Sale	29 - 30
11. Long Term Investments	30
12. Long Term Debtors	30
13. Short Term Debtors	31
14. Short Term Investments	31
15. Cash and Cash Equivalents	32
16. Borrowing Repayable On Demand Or Within 12 Months	32
17. Creditors	32
18. Grant Income	33 - 34
19. Provisions	34 - 35
20. Long Term Borrowing	35
21. Usable Reserves	35 - 37
22. Unusable Reserves	38 - 40
23. Cash Flow Statement – Operating Activities	41
24. Cash Flow Statement – Investment Activities	41
25. Cash Flow Statement – Financing Activities	41
26. Officers Remuneration (Including Exit Packages)	42 - 43
27. Members' Allowances	44
28. Related Parties	44 - 47
29. Audit Fees	47
30. National Health Services (Wales) Act 2006	48
31. Pooled budgets for Health and Social Care	48

32. Agency Services	49 - 51
33. Other Funds Administered by the Council	51
34. Contingent Liabilities	51 - 52
35. Contingent Assets	52
36. Critical Judgments and Assumptions Made	52 - 54
37. Provision for Repayment of External Loans	55
38. Capital Expenditure and Capital Financing	55
39. Future Capital Commitments	56
40. Leasing	56 - 58
41. Accounting Standards Issued but Not Yet Adopted	58
42. Financial Instruments	59 - 64
43. Pensions	64 - 69
44. Prior Period Adjustment – Non Current Assets	69 - 72

Supplementary Financial Statements:

Housing Revenue Account Income and Expenditure Account for the Year Ended 31 st March 2023	73
---	----

Movement on the Housing Revenue Account Statement for the Year Ended 31 st March 2023	74
--	----

Notes to the Housing Revenue Account for the Year Ended 31 st March 2023	74 - 76
---	---------

Accounting Policies	77 - 92
----------------------------	---------

Group Accounts:

Flintshire County Council's Single Entity Financial Statements combined with its subsidiaries	93 - 101
---	----------

Flintshire County Council:

Independent Auditor's Report of the Auditor General for Wales to the Members of Flintshire County Council	102 - 105
---	-----------

Annual Governance Statement	106 - 151
------------------------------------	-----------

NARRATIVE REPORT

INTRODUCTION

This narrative report summarises Flintshire County Council's Statement of Accounts for 2022/23 and details income and expenditure on service provision for the financial year 1st April 2022 to 31st March 2023 and the value of the Council's assets and liabilities as at 31st March 2023. The Group Accounts incorporate the Council's Financial Statements with those of its wholly owned subsidiaries North East Wales Homes Ltd (NEW Homes) and Newydd Catering and Cleaning Ltd.

The Accounts reflect the impact of a financial year in which the Council was continually responding to major external influences including higher inflation and interest rates, a deteriorating economic outlook and the ongoing war in Ukraine. As required, the Accounts have been prepared in accordance with the 2022/23 Code of Practice on Local Authority Accounting which is based on International Financial Reporting Standards (IFRS).

As always, the production of this comprehensive and complex set of Accounts has required an enormous effort from many people across the Council, both within finance and within service portfolio areas. The continued challenges around asset valuations at a time of high inflation and the legacy impacts of the pandemic meant that the Council was unable to finalise the Accounts within the earlier legislative deadline of 31st May 2023. However, the Council has been able to prepare and submit the Accounts to the Council's external auditors in advance of the framework set out by Welsh Government of 31st July 2023.

The Council set its budget for the 2022/23 financial year in the context of rising demand for its services and increases in inflation. Despite these significant challenges, the Council managed to achieve all of its budgeted efficiencies and was able to limit spending to £3.013m less than its approved budget, due to a combination of one-off savings and good financial management and control which included a specific in-year review of non-essential spend. However, it needs to be noted that this excludes the impact of nationally agreed pay awards which were £3.826m in excess of the budgeted provision and were met directly from unearmarked reserves.

The revenue outturn position, explained below, is important to residents and rent payers as it records only those expenses which statute allows to be charged against the Council's annual budget and amounts collected from council tax and rents. Revenue outturn differs from the Comprehensive Income and Expenditure Statement (CIES) as the CIES includes charges for items such as depreciation, impairment, capital grants and pension charges, which are accounting adjustments not included in the outturn.

The finance service aims to develop a Statement of Accounts that is more accessible to users. Flintshire County Council is a large and diverse organisation and the information contained in these Accounts is technical and complex. The aim of this narrative statement is to provide a general guide to the items of interest and highlights some of the more significant matters that have contributed to the final position for the financial year ending 31st March 2023.

COUNCIL PERFORMANCE DURING THE YEAR

The Council Plan is the overarching document that helps the Council to focus its resources and drive improvement. The Council Plan 2022/23 sets out the Council's priorities, actions and measures for the forthcoming year and the big things that the Council aims to achieve. Flintshire prides itself on being a Council which performs highly for its local communities, and one which is guided and motivated by a set of strong social values.

The Council Plan for 2022/23 sets the Council's priorities for the year, with a big emphasis on continuing to recover from the pandemic and supporting the most vulnerable, along with commitments to being a Green Council. The Plan has six themes, with each theme having specific objectives and actions where the Council aims to make an impact this year and in the longer term.

NARRATIVE REPORT

The Council Plan is published on the Council's website and is a user friendly document which clearly explains, for each priority, why it is a priority, what the Council intends to achieve and how the Council will measure those achievements. A separate linked document is also published which describes in more detail the actual measures and milestones in making improvements or change throughout the year.

Public reports which measure our progress against this document are published half yearly, with the outturn for the year scheduled to be reported to Cabinet in July 2023.

Previously, the Council had appointed a new Recovery Committee to guide our second phase of recovery from the COVID-19 pandemic. The Committee was intended to last 12 months, so at its Annual Meeting it was agreed to be removed from the Constitution, with the task of overseeing recovery efforts managed by the Overview and Scrutiny Committees instead.

FINANCIAL PERFORMANCE DURING THE YEAR

The revenue budget covers the Council's day-to-day expenditure and income on such items as salaries and wages, running costs of services and the financing costs of capital expenditure. The capital programme covers expenditure on the acquisition of significant assets which will be of use or benefit to the Council in providing its services beyond the year of account, such as the enhancement or replacement of roads, buildings and other structures.

The budget is monitored closely throughout the year with the revenue position reported monthly and the capital position reported quarterly. All reports are scrutinised by Corporate Resources Overview and Scrutiny Committee prior to being taken to the Council's Cabinet.

Approximately 71% of the budget requirement for Council services comes from Welsh Government through Aggregate External Funding (Revenue Support Grant and Non Domestic Rates). In 2022/23, there was an increase in funding of 9.2% (the Welsh average increased by 9.4%). Despite the increase, the Council faced significant cost pressures from factors outside of the Council's control such as policy directions or new legislation from UK and Welsh Government. The impact of funding not keeping pace with increasing costs has significant consequences and is expected to do so in future years so will continue to be a key consideration in our Medium Term Financial Strategy (MTFS).

Despite this financial challenge, portfolio business plans and corporate financing options enabled us to plan for £1.341m of new efficiencies in our 2022/23 budget, enabling the Council to invest in priorities such as school budgets, social care and providing resources to re-shape services.

The overall final outturn position and the impact on levels of reserves is set out below.

Revenue outturn compared to budget

The Council Fund budget for 2022/23 was set at £326.682m and was approved by Council on 15th February 2022. Budget monitoring information was reported to Cabinet on a monthly basis throughout the year, with final outturn due to be reported on 18th July 2023.

The budget strategy for 2022/23 was based on an organisational strategy to reduce costs wherever possible to shield and protect local services. It included a package of measures and proposals which combined corporate financing options, portfolio level business plan proposals, review of pressures, as well as the maximisation of income generation and a review of reserves and balances.

NARRATIVE REPORT

	2022/23 Budget £000	2022/23 Actual £000	Variance £000
Corporate Services :			
Chief Executive	1,692	1,606	(86)
People and Resources	4,644	4,542	(102)
Governance	11,280	11,249	(32)
	<u>17,616</u>	<u>17,397</u>	<u>(219)</u>
Social Services	90,084	90,933	849
Housing and Communities*	15,997	15,740	(257)
Streetscene and Transportation	39,931	40,913	982
Planning, Environment & Economy	7,222	6,871	(351)
Education and Youth	123,730	122,789	(941)
Strategic Programmes	8,899	9,007	108
Net expenditure on services	303,478	303,650	171
Central loans and investment account	13,485	11,649	(1,836)
Central and Corporate Finance	7,477	6,693	(784)
Total net expenditure	324,440	321,992	(2,449)
Contribution from reserves	2,242	2,242	(0)
Budget requirement	326,682	324,234	(2,449)
Financed by			
Council tax (net of community council precepts expenditure)	94,504	95,069	(565)
General grants	176,529	176,529	0
Non-domestic rates redistribution	55,650	55,650	0
Total resources	326,682	327,247	(565)
Net variance - (underspend)	0	(3,013)	(3,013)

*Portfolio renamed Housing and Communities (previously Housing and Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

The net underspend of £3.013m combined with other agreed funding transfers to produce year-end Council Fund revenue reserves of £19.162m.

During the year, the Council acted as an agent on behalf of Welsh Government in distributing other funding which included the Cost of Living Support Scheme and Winter Fuel Support Scheme Payments. Flintshire was also the lead authority for the North Wales region for the NHS Test, Trace, Protect programme. This was funded by Welsh Government and ceased at the end of March 2023. The Agency Services Note (Note 32) provides further information on such arrangements.

NARRATIVE REPORT

The table below shows the outturn position for the Housing Revenue Account (HRA) for the year:

	2022/23 Budget	2022/23 Actual	Variance
	£000	£000	£000
Estate Management	2,263	1,972	(292)
Landlord Services	1,265	1,318	53
Repairs & Maintenance	10,908	11,336	428
HRA Projects	122	105	(17)
Finance & Support	1,419	1,659	241
Revenue contributions to fund capital expenditure	10,898	12,566	1,668
Net expenditure on services	26,875	28,956	2,081
Central loans and investment account	6,723	6,551	(173)
Support Services	1,215	965	(250)
Total net expenditure	34,813	36,471	1,658
Contribution to reserves	2,941	1,238	(1,703)
Budget requirement	37,754	37,710	(45)
Financed by			
Rents	(36,964)	(36,609)	354
Grants and other income	(791)	(1,100)	(309)
Total resources	(37,755)	(37,710)	45
Net variance	(0)	0	0

The closing contribution to reserves total of £1.238m, is £1.703m lower than budgeted. This variance is made up of a £2.688m in-year overspend on service provision taken from General HRA reserves, less a net movement of £0.985m, which is the contribution to earmarked reserves in-year. This gives a total closing HRA reserves figure of £6.477m (£3.786m general reserves; £2.691m earmarked reserves).

Welsh Housing Quality Standard programme (WHQS) was completed in December 2021. The focus for 2022/23 was sustaining the improvements delivered through the WHQS programme for the housing stock, as well as remobilizing the capital programme. The WHQS 2023 programme has not yet been formally released but will focus on energy efficiency, exploring decarbonisation and tenant well-being. The Capital Works Team have been working with specialist consultants in order to prepare a decarbonisation strategy which is based on Welsh Government objectives to reduce carbon emissions.

Welsh Government Grant Funding – “Optimised Retrofit Programme” (ORP) of £4.384m, has been successfully secured to commence a programme of retrofit works to trial energy efficiency measures. £1.633m of ORP funding has been secured for 2023/24. An additional £2.857m had been requested to bring forward a capital scheme into 2022/23 which has been drawn down from general reserves. The programme of works will carry forward into 2023/24 with the spend being met from the ringfenced reserve.

The Council continues to take a proactive approach to monitoring rent arrears due to the increasing cost of living affecting tenants' ability to pay rent on time and the potential loss of housing rent income. However, despite the early intervention and support offered to tenants, net rent arrears have increased to £1.723m at outturn compared with £1.610m the previous year. The HRA maintains a prudent level of reserves and a bad debt provision which should be sufficient to mitigate any losses in future years.

NARRATIVE REPORT

Capital Programme Budget, Outturn and Financing

Each year the Council approves a programme of capital works, which provides for investment in assets such as land, buildings and road improvements. The 2022/23 capital programme was approved to the sum of £62.543m (HRA £25.074m and Council Fund £37.469m); this figure was adjusted during the course of the year to a final programme total of £58.830m, (HRA £24.997m and Council Fund £33.833m).

Capital programme budget monitoring information was reported to Cabinet on a quarterly basis throughout the year, with the final outturn due to be reported on 18th July 2023.

Capital expenditure incurred is set out in the table below, presented on the basis of the 'service blocks' used by Welsh Government in collecting capital data by way of the Capital Outturn Return (COR) forms for its published Local Government Finance Statistics. Schemes and projects include investment in the Council's housing stock as part of the plan to maintain the WHQS and investment in schools which includes the sustainable communities for learning programme.

	2022/23
	£000
Education	7,856
Social services	5,459
Transport	5,747
Housing	26,841
Libraries, culture and heritage	3,197
Agriculture and fisheries *	4
Sport and recreation	806
Other environmental services	5,102
Outturn	55,013

* Incorporating land drainage and flood prevention/coast protection
(to which the Council's expenditure relates)

The programme was financed as follows -

	2022/23
	£000
Supported borrowing	4,022
Other borrowing (including Salix loans)	4,959
Capital receipts	1,428
Capital grants and contributions	30,344
Capital reserves/capital expenditure funded from revenue account	14,261
Core financing	55,013

NARRATIVE REPORT

Capitalisation Direction – Mockingbird Family Model

The Council plans to transform its fostering service to meet the placement needs of 'looked after children', and avoid the escalating costs of external care provision, through the development of a 'Mockingbird Family Model'. The model replicates an 'extended family' around children and young people, promoting their sense of belonging and preventing placements breaking down. The costs of transforming the service gradually over a 3 year period will be funded by an interest free 'innovate to save loan' from Welsh Government which will be repaid from savings generated as a result. During the year £0.223m of revenue expenditure was incurred which was granted a capitalisation direction by Welsh Government as required under accounting practice for revenue expenditure to be funded by borrowing. The 'innovate to save' loan began to be drawn down in 2020/21.

Strategic Housing and Regeneration Programme

The Council is currently in year 7 of its Strategic Housing and Regeneration Programme (SHARP). This ambitious plan aims to deliver 500 new homes which 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.

During the year, development works started at three sites across the County, all funded through the HRA, utilising £1.050m of the Welsh Government Social Housing Grant (SHG). Total costs during the year were £4.278m. For 2023/24 there are development works on 5 sites which will deliver an additional 58 properties. There is also scope to purchase a number of existing dwellings.

Affordable homes are being developed through the Council's wholly owned subsidiary NEW Homes in partnership with the Council. NEW Homes currently owns and manages 173 units across Flintshire. These are made up of a combination of new build schemes delivered through the Council's SHARP and properties acquired from developers through Section 106 agreements.

The Company's Strategic Business Plan aims to deliver an additional 72 units over the next three years which will bring the total number of properties owned and managed by NEW Homes to 245 by 2024/25. The Council has pre-approved loans to NEW Homes of up to £30.000m, in addition to a previous loan granted of £7.530m. Of this funding, £14.020m has been utilised to date, with the remaining £23.510m available to be drawn down for future schemes.

Borrowing

The Council undertook £5.000m of long-term borrowing from the Public Works Loan Board (PWLB) during 2022/23 to fund capital expenditure schemes including building new homes through the SHARP and the Sustainable Communities for Learning building programme. The Balance Sheet long term borrowing total of £290.201m includes the sum of £2.503m for interest free loans from Salix Finance Ltd, an independent company funded by the Carbon Trust to help improve energy efficiency in public sector buildings, loans totaling £1.724m from Welsh Government for regeneration initiatives in Deeside under the Vibrant and Viable Places Scheme within the Capital Programme and the loan for the Mockingbird Family Model.

The Council has a future borrowing requirement to fund the approved Capital Programme. This will need to be kept under continuous review during the next financial year and beyond with current elevated inflation and interest rates. The UK economy is proving more resilient than expected, however a recession and / or stagnant growth is likely in 2023.

NARRATIVE REPORT

Financial Position at 31st March 2023

Reserves and Provisions

The Council sets funding aside (in provisions and reserves on the Balance Sheet) to meet future liabilities and service developments.

Provisions are based on past events that place an obligation on the Council which is likely to result in a future financial liability, but there is uncertainty over the timing and precise value of the liability. Provisions are disclosed in Note 19.

The Council has established a number of revenue reserves, falling outside the definition of a provision, which are summarised in the table below. The Council Fund balance is a measure of the uncommitted reserves the Council holds prudently to meet cash flow requirements and unforeseen future events.

	31 March 2023	Net Underspend	Other	31 March 2022
	£000	£000	£000	£000
Council Fund (unearmarked) balance	19,162	3,013	(2,289)	18,438
Earmarked Council Fund reserves	23,841	0	(1,055)	24,896
Locally managed schools	6,717	0	(5,575)	12,292
Housing Revenue Account reserves	6,477	1,320	(81)	5,238
Total revenue reserves	56,197	4,333	(9,000)	60,864

The Council has a policy of maintaining a base level of reserves of £5.769m to protect the Council against unplanned and unforeseen circumstances, and this is included within the Council Fund (unearmarked) balance in the table above. Reserves above the £5.769m, known as the contingency reserve and arising from prior year underspends, are available for consideration through Cabinet.

At an early stage in the response phase to the pandemic, £3.000m was 'ring-fenced' from the contingency reserve to provide for the potential impacts of additional costs and losses of income arising from the pandemic. A balance of £2.318m remained at the start of the year, £0.252m was used during 2021/22, leaving a remaining balance of £2.066m at 31st March 2022. A top up of £3.250m was added to this contingency reserve within the 2022/23 budget to ensure that there was sufficient provision for the continuation of any additional costs and losses of income previously claimed from the Hardship Fund, which ceased at the end of March 2022. In 2022/23, £1.573m was claimed against the reserve, leaving a balance of £3.743m at the end of March 2023.

Cash Flow 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 to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on investments are set by reference to the Council's MTFs and cash flow forecast in the Council's Treasury Management Strategy. The cash flow forecast is reviewed daily for investing purposes and weekly and monthly for borrowing purposes.

Cash flow management was closely monitored throughout the year, with the Council working in partnership with other public sector organisations such as the Welsh Government, and the Welsh Local Government Association, to ensure the stability of the Council's cash flow position. The work continues into the new financial year 2023/24.

NARRATIVE REPORT

Pension Liability

The pension deficit recorded in the balance sheet of £77.723m, has decreased by £285.217m during the year, as a result of changes to the financial assumptions used by the pension fund actuary. The main change in financial assumptions relate to an increase in the discount rate assumption from last year, decreasing the liability. These assumptions are determined by the actuary and reflect their view of the market conditions at the balance sheet date.

The Council relies and places assurance on the professional judgement of the Clwyd Pension Fund's actuary and the assumptions used to calculate the deficit. Disclosures in Note 43 are in accordance with International Accounting Standard 19 (IAS 19), accounting in full for the pension liability, that is the total projected deficit over the life of the fund. IAS 19 has no impact on council tax levels or housing finance, but the liability does impact on the net worth of the Council as reflected in the balance sheet total of £669.407m (£340.592m as at 31st March 2022).

Revaluation of Non-Current Assets

Every Property, Plant and Equipment asset held at current value must be revalued at least every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio each year and during 2022/23 (the third year of the current cycle, commencing 1st April 2021) 19% of operational non-dwelling assets were revalued. The exception to this arrangement is council dwellings which were all revalued in 2020/21.

The Council has considered the impact of the pandemic on various property markets and the valuation of its assets at the Balance Sheet date. The majority of the Council's non-current assets are operational assets used for service delivery and are valued based on their rebuild costs. During 2022/23 not all assets valued under the Depreciated Replacement Cost (DRC) basis have been valued, only those in the current cycle were revalued in line with our accounting policy. Those assets not revalued were subject to an additional revaluation exercise to ensure the accounts are not materially misstated as at 31st March 2023. This revaluation exercise has been undertaken due to movements in build costs, consequently impacting the carrying value of assets. This exercise has been carried out for the Council's DRC assets and council dwellings using data sourced from the Building Cost Information Service (BCIS) and Land Registry.

FINANCIAL OUTLOOK FOR THE COUNCIL

The MTFS forecasts the amount of resources that the Council is likely to have over the next 3 years and identifies any funding gap which enables specific actions to be identified to balance the budget and manage resources.

It is clear that the current financial outlook for the Council, in terms of Welsh Government funding and support for both revenue and capital expenditure, is uncertain in the medium term. 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, including the impacts of nationally agreed pay awards. The Council also expects to continue to see increasing demand for many of its services, specifically in the areas of social care and homelessness.

A revision of the MTFS from 2024/25 and beyond is due to be presented to Cabinet in the summer. The revision aims to establish a robust baseline of cost pressures which will inform the budget requirement that will need to be met from national and local funding streams. The 2022/23 final local government settlement included an indicative increase of 2.4% for 2024/25, which is at a significantly lower level than the last couple of years. This was increased to 3.1% as part of the 2023/24 settlement. The Council will need to consider options to balance the budget in light of the indicative figure.

NARRATIVE REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Council has a comprehensive Risk Management Framework. A number of risks for the Council Plan priorities have been identified which may prevent or hinder successful delivery. These risks are assessed and continuously monitored at the appropriate level throughout the year. Risk management is also embedded within our ways of working – for example, through partnerships, business plan efficiency reports and within each report submitted to Cabinet or Overview and Scrutiny Committees.

The Governance and Audit Committee receives a summary of the Council's strategic risks at both mid-year and end of year. Moving forward, in line with the new Risk Management Framework, regular risk profile reports will be shared at Chief Officer Team meetings. Red escalating risks will be reported to the relevant Overview and Scrutiny Committee and Cabinet will receive quarterly risk profile dashboards.

Financial risks include the availability of funding to ensure the sustainability of the Council and its subsidiaries such as NEW Homes, Newydd and partner organisations such as Aura Leisure & Libraries, Theatr Clwyd Trust and Community Asset Transfers.

CHANGES AND FUTURE CHANGES TO THE STATEMENT OF ACCOUNTS

During the year no significant changes have been introduced to the Council's Statement of Accounts.

CHANGE IN ACCOUNTING POLICIES

Minor changes to accounting policies have been made during 2022/23 to reflect changes in the Code of Practice.

FURTHER INFORMATION

The Statement of Accounts is available on the internet (www.flintshire.gov.uk), with further information on accounts and budgets available on request from the Corporate Finance Manager, Flintshire County Council, County Hall, Mold, CH7 6NA.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, this is the Corporate Finance Manager as Chief Finance Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Signed :

Allan Rainford
Chair of the Governance and Audit Committee

Date :

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Chief Finance Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March 2023, and its income and expenditure for the year then ended.

Signed :



Gary Ferguson CPFA
Corporate Finance Manager (Chief Finance Officer)

Date :

12/07/2023

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2022/23

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	1,606	0	1,606	217	1,823
Education & Youth	122,789	7,052	129,841	2,488	132,329
Governance	10,684	912	11,596	2,886	14,482
Housing & Communities*	15,740	(1,519)	14,221	(5,549)	8,672
People & Resources	4,542	15	4,557	916	5,473
Planning, Environment & Economy	6,871	253	7,124	1,683	8,807
Social Services	90,933	(405)	90,528	6,183	96,711
Strategic Programmes	9,008	209	9,217	(1,681)	7,536
Streetscene & Transportation	40,913	518	41,431	8,239	49,670
Central & Corporate Finance	20,583	1,883	22,466	(18,073)	4,393
Housing Revenue Account (HRA)	(1,320)	82	(1,238)	(24,513)	(25,751)
Cost of services	322,349	9,000	331,349	(27,204)	304,145
Other Income and Expenditure	(326,682)	0	(326,682)	10,000	(316,682)
(Surplus)/deficit on the provision of services	(4,333)	9,000	4,667	(17,204)	(12,537)
Opening Council Fund / HRA Reserves			60,864		
In Year Revenue Surplus / (Deficit)					
Council Fund			(5,906)		
HRA			1,238		
Closing Council Fund / HRA Reserves			56,196		

*Portfolio renamed Housing & Communities (previously Housing & Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

Restated

2021/22

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	2,243	54	2,297	178	2,475
Education & Youth*	115,257	(6,154)	109,103	(4,497)	104,606
Governance	9,820	(1,773)	8,047	3,203	11,250
Housing & Assets	13,601	(1,084)	12,517	(6,625)	5,892
People & Resources	4,466	(122)	4,344	673	5,017
Planning, Environment & Economy	5,614	(7)	5,607	1,074	6,681
Social Services	77,152	89	77,241	12,566	89,807
Strategic Programmes*	7,018	726	7,744	(3,247)	4,497
Streetscene & Transportation	32,513	(1,365)	31,148	7,402	38,550
Central & Corporate Finance*	24,061	(1,779)	22,282	(16,959)	5,323
Housing Revenue Account (HRA)*	1,971	(301)	1,670	(42,777)	(41,107)
Cost of services*	293,716	(11,716)	282,000	(49,009)	232,991
Other Income and Expenditure	(297,457)	0	(297,457)	(6,314)	(303,771)
(Surplus)/deficit on the provision of services *	(3,741)	(11,716)	(15,457)	(55,323)	(70,780)
Opening Council Fund / HRA Reserves			45,407		
In Year Revenue Surplus / (Deficit)					
Council Fund			17,127		
HRA			(1,669)		
Closing Council Fund / HRA Reserves			60,865		

*Restated. See Note 44.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Note	2022/23		Restated 2021/22			
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Service Expenditure Analysis							
Chief Executive's		1,888	(65)	1,823	2,543	(68)	2,475
Education & Youth*		169,065	(36,736)	132,329	146,702	(42,096)	104,606
Governance		16,581	(2,099)	14,482	15,095	(3,845)	11,250
Housing & Communities**		46,940	(38,268)	8,672	43,511	(37,619)	5,892
People & Resources		5,998	(525)	5,473	5,399	(382)	5,017
Planning, Environment & Economy		15,873	(7,066)	8,807	14,828	(8,147)	6,681
Social Services		127,501	(30,790)	96,711	125,419	(35,612)	89,807
Strategic Programmes*		10,331	(2,795)	7,536	6,977	(2,480)	4,497
Streetscene & Transportation		76,865	(27,195)	49,670	71,570	(33,020)	38,550
Central & Corporate Finance*		6,905	(2,511)	4,394	8,447	(3,124)	5,323
HRA*		14,776	(40,527)	(25,751)	(2,888)	(38,219)	(41,107)
Cost of services*		492,723	(188,577)	304,146	437,603	(204,612)	232,991
Other Operating Expenditure	4			33,316			30,301
Financing and Investment (Income) and Expenditure	5			16,900			17,897
Taxation and Non-Specific Grant (Income)	6			(366,899)			(351,969)
(Surplus)/deficit on the provision of services*	3			(12,537)			(70,780)
(Surplus)/deficit arising on revaluation of non-current assets*				(3,987)			(86,349)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial (gains) or losses on pension assets and liabilities				(312,290)			(88,346)
Total comprehensive (income) and expenditure				(328,814)			(245,475)

* Restated. See Note 44.

**Portfolio renamed Housing & Communities (previously Housing & Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (those that can be applied to fund expenditure or reduce local taxation) and other (Unusable) Reserves.

The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the Council Fund balance and the HRA for council tax setting and dwellings rent setting purposes.

The increase / decrease in the year shows the Statutory Council Fund balance and HRA balance before any discretionary transfers to or from earmarked reserves.

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
At 31st March 2022	55,626	5,239	17,958	15,043	93,866	246,726	340,592
In year movement in reserves							
Total comprehensive income and expenditure	(15,354)	27,891	0	0	12,537	316,277	328,814
Adjustments between accounting and funding basis under regulations	7 9,448	(26,653)	1,190	99	(15,916)	15,916	0
Increase/(decrease) in year	(5,906)	1,238	1,190	99	(3,379)	332,193	328,814
At 31st March 2023	49,720	6,477	19,149	15,142	90,488	578,919	669,407

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Restated Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
At 31st March 2021	38,499	6,908	15,490	14,426	75,323	19,793	95,116
In year movement in reserves							
Total comprehensive income and expenditure*	26,557	44,224	0	0	70,781	174,695	245,476
Adjustments between accounting and funding basis under regulations*	7 (9,430)	(45,893)	2,468	617	(52,238)	52,238	0
Increase/(decrease) in year	17,127	(1,669)	2,468	617	18,543	226,933	245,476
At 31st March 2022	55,626	5,239	17,958	15,043	93,866	246,726	340,592

*Restated. See Note 44.

BALANCE SHEET

	Note	31 March 2023		31 March 2022	
		£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment	8				
Council dwellings		301,283		274,122	
Other land and buildings		474,132		454,643	
Vehicles, plant, furniture and equipment		20,212		19,581	
Surplus assets		4,319		5,880	
Infrastructure assets		156,994		157,785	
Community assets		5,408		4,921	
Assets under construction		16,160		12,125	
Total Property, Plant & Equipment			978,508		929,057
Investment properties and agricultural estate	9		28,879		27,694
Long term investments	11		3,659		3,730
Long term debtors	12		11,999		12,050
NON-CURRENT ASSETS TOTAL			1,023,045		972,531
CURRENT ASSETS					
Inventories		713		651	
Short term debtors (net of impairment provision)	13	80,158		71,409	
Short term investments	14	5,054		5,001	
Cash and cash equivalents	15	27,607		43,657	
Assets held for sale	10	306		383	
CURRENT ASSETS TOTAL			113,838		121,101
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months	16	(19,908)		(18,036)	
Short term creditors	17	(57,909)		(63,022)	
Provision for accumulated absences	19	(6,722)		(5,563)	
Deferred liabilities	40	(621)		(591)	
Grants receipts in advance	18	(3,737)		(6,697)	
Provisions	19	(52)		(45)	
CURRENT LIABILITIES TOTAL			(88,949)		(93,954)
NON-CURRENT LIABILITIES					
Long term creditors	17	(1,140)		(1,389)	
Long term borrowing	20	(290,201)		(289,517)	
Deferred liabilities	40	(2,128)		(2,748)	
Provisions	19	(1,067)		(957)	
Other long term liabilities	43	(77,723)		(362,940)	
Grants receipts in advance	18	(6,268)		(1,535)	
NON-CURRENT LIABILITIES TOTAL			(378,527)		(659,086)
NET ASSETS			669,407		340,592

BALANCE SHEET

	Note	31 March 2023		Restated 31 March 2022	
		£000	£000	£000	£000
USABLE RESERVES					
Capital Receipts Reserve		19,149		17,959	
Capital Grants Unapplied		15,142		15,043	
Council Fund		19,162		18,438	
Earmarked Reserves	21	30,558		37,187	
HRA		6,477		5,239	
USABLE RESERVES TOTAL		90,488		93,866	
UNUSABLE RESERVES					
Revaluation Reserve *	22	193,414		197,733	
Capital Adjustment Account *	22	474,553		422,458	
Financial Instruments Adjustment Account	22	(4,652)		(5,011)	
Pensions Reserve	22	(77,723)		(362,940)	
Deferred Capital Receipts		49		49	
Accumulated Absences Account	22	(6,722)		(5,563)	
UNUSABLE RESERVES TOTAL		578,919		246,726	
TOTAL RESERVES		669,407		340,592	

*Restated. See Note 44.

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

- Usable Reserves - those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Unusable Reserves - those reserves that the Council is unable to use to provide services, including reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting and funding basis under regulations'.

CASH FLOW STATEMENT

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

The cash flow statement is reported using the indirect method, whereby net surplus or deficit on the provision of services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

	Note	2022/23		Restated 2021/22	
		£000	£000	£000	£000
Net surplus or (deficit) on the provision of services*		12,537		70,780	
Adjustment to surplus or deficit on the provision of services for non-cash movements*		19,514		36,794	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<u>(33,034)</u>		<u>(45,485)</u>	
Net cash flows from operating activities	23		(983)		62,089
Net cash flows from investing activities	24	(17,004)		(12,590)	
Net cash flows from financing activities	25	<u>1,937</u>		<u>(42,925)</u>	
Net increase or (decrease) in cash and cash equivalents			<u>(15,067)</u>		<u>(55,515)</u>
			(16,050)		6,574
Cash and cash equivalents at the beginning of the reporting period	15		43,657		37,083
Cash and cash equivalents at the end of the reporting period	15		27,607		43,657

* Restated. See Note 44.

NOTES TO THE CORE FINANCIAL STATEMENTS

INTRODUCTION TO NOTES

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the Council's accounting policies. The notes that follow set out supplementary information to assist readers of the accounts.

1. NOTE TO EXPENDITURE AND FUNDING ANALYSIS

The adjustments between the funding and accounting basis within the EFA is explained in more detail below:

Adjustments from Council Fund / HRA to arrive at CIES Amounts	2022/23			Total Adjustments £000
	Adjustments for Capital Purposes £000	Adjustments for Employee Benefit Purposes £000	Other Adjustments £000	
Note	a	b	c	
Chief Executive's	0	217	0	217
Education & Youth	(704)	4,617	(1,425)	2,488
Governance	1,500	867	518	2,885
Housing & Communities*	4,027	740	(10,315)	(5,548)
People & Resources	0	915	1	916
Planning, Environment & Economy	1,498	969	(784)	1,683
Social Services	1,932	4,910	(660)	6,182
Strategic Programmes	(1,316)	16	(380)	(1,680)
Streetscene & Transportation	8,007	2,010	(1,778)	8,239
Central & Corporate Finance	608	1,405	(20,086)	(18,073)
HRA	(6,395)	1,022	(19,140)	(24,513)
Cost of services	9,157	17,688	(54,049)	(27,204)
Other Income and Expenditure from the EFA	(27,828)	10,543	27,285	10,000
Differences between Council Fund / HRA surplus / and CIES surplus / deficit	(18,671)	28,231	(26,764)	(17,204)

*Portfolio renamed Housing & Communities (previously Housing & Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

Adjustments from Council Fund / HRA to arrive at CIES Amounts	Restated 2021/22			Total Adjustments £000
	Adjustments for Capital Purposes £000	Adjustments for Employee Benefit Purposes £000	Other Adjustments £000	
Note	a	b	c	
Chief Executive's	0	178	0	178
Education & Youth*	(6,944)	3,532	(1,085)	(4,497)
Governance	1,946	712	545	3,203
Housing & Assets	4,066	459	(11,150)	(6,625)
People & Resources	0	675	(2)	673
Planning, Environment & Economy	1,130	959	(1,015)	1,074
Social Services	9,376	3,649	(459)	12,566
Strategic Programmes*	(378)	(2,558)	(311)	(3,247)
Streetscene & Transportation	7,096	1,395	(1,089)	7,402
Central & Corporate Finance*	(630)	1,946	(18,275)	(16,959)
HRA*	(20,352)	693	(23,118)	(42,777)
Cost of services	(4,690)	11,640	(55,959)	(49,009)
Other Income and Expenditure from the EFA	(41,660)	9,438	25,908	(6,314)
Differences between Council Fund / HRA surplus / and CIES surplus / deficit	(46,350)	21,078	(30,051)	(55,323)

*Restated. See Note 44.

NOTES TO THE CORE FINANCIAL STATEMENTS

a. Adjustments for Capital Purposes

This column adds in capital accounting adjustments that are not reported within a portfolio's final outturn but are required in the CIES by the Code and includes; depreciation, impairments, revaluation losses, amortisation, and revenue expenditure funded from capital under statute (REFCUS).

Net gains and losses on the disposal of non-current assets (included within other operating expenditure) and capital grants and contributions (included within taxation and non-specific grant income and expenditure) are reported in the CIES but not in the final outturn report and therefore are included within capital accounting adjustments.

b. Adjustments for Employee Benefit Purposes

This column adds in accounting adjustments related to IAS 19 Employee Benefits that are not reported within a portfolio's final outturn but are required in the CIES by the Code and includes; pension adjustments – removing the employer pension contributions made to the pension funds during the year, and replacing with the current service and past service costs (being the calculated benefit earned during the year), and the movement on the accumulated absences provision (being the accounting cost of leave entitlements earned by employees but not taken before the year-end which is carried forward into the next financial year).

The administrative expenses and the net interest on the net defined benefit liability (included within other operating expenditure and financing and investment income and expenditure respectively) are reported in the CIES but not in the final outturn report and therefore are included within employee benefit accounting adjustments.

c. Other Adjustments

This column contains all other accounting adjustments required in the CIES by the Code of Practice that are not reported within a portfolio's final outturn and includes capital grants received to fund REFCUS, removal of charges to revenue to fund capital schemes, removal of statutory provision for the financing of capital expenditure (Minimum Revenue Provision) and debt rescheduling.

In addition, the column also includes adjustments for transactions reported within a portfolio's final outturn required by the Code to be reported below the Cost of Services line within the CIES and includes income and expenditure related to investment properties (included within financing and investment income and expenditure), interest payable and interest and investment income (included within financing and investment income and expenditure).

NOTES TO THE CORE FINANCIAL STATEMENTS

2. SEGMENTAL INCOME AND EXPENDITURE

Income and expenditure reported on a segmental basis included within the column 'Net Portfolio Final Outturn' in the EFA as required by the Code is shown below:

	Revenues from External Customers		Revenues from Transactions with other Operating Segments		Interest Revenues		Interest Expense	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive's	(65)	(68)	0	0	0	0	0	0
Education & Youth	(4,920)	(4,222)	(2,012)	(2,437)	0	0	0	0
Governance	(1,785)	(1,920)	(1,145)	(1,077)	0	0	0	0
Housing & Communities*	(6,536)	(4,152)	(529)	(463)	0	0	0	0
People & Resources	(328)	(304)	(686)	(184)	0	0	0	0
Planning, Environment & Economy	(2,976)	(3,187)	(225)	(227)	0	0	0	0
Social Services	(11,746)	(10,761)	(136)	(76)	0	0	0	0
Strategic Programmes	(2,795)	(2,411)	0	0	0	0	0	0
Streetscene & Transportation	(27,185)	(23,757)	(819)	(877)	0	0	0	0
Central & Corporate Finance	(4,147)	(9,626)	0	0	(1,508)	(548)	8,417	8,441
HRA	(40,213)	(37,841)	0	0	0	0	4,902	4,909
	(102,696)	(98,249)	(5,552)	(5,341)	(1,508)	(548)	13,319	13,350

*Portfolio renamed Housing & Communities (previously Housing & Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

3. INCOME AND EXPENDITURE ANALYSED BY NATURE

Income and expenditure reported within the CIES is analysed as follows:

Nature of Expenses	2022/23 £000	Restated 2021/22 £000
Expenditure		
Employee benefit expenses	239,858	214,641
Other service expenses	255,013	237,693
Depreciation, amortisation & impairment*	10,200	(4,628)
Interest payments	13,592	13,674
Precept and levies	32,663	31,262
(Gain) or loss on disposal of non-current assets	(174)	(1,730)
(Gain) or loss on disposal of investment property	(56)	(210)
	551,096	490,702
Income		
Fees, charges and other service income	(95,824)	(89,474)
Grants and contributions	(296,882)	(313,690)
Interest and investment income	(8,156)	(4,901)
Income from council tax and non-domestic rates	(162,771)	(153,417)
	(563,633)	(561,482)
(Surplus) or deficit on the provision of services*	(12,537)	(70,780)

*Restated. See Note 44.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. OTHER OPERATING EXPENDITURE

	2022/23	2021/22
	£000	£000
Precept - Office of North Wales Police and Crime Commissioner	20,653	19,869
Other preceptors - Community Councils	3,196	3,111
Levy - North Wales Fire and Rescue Authority	8,814	8,282
Net gain on the disposal of non-current assets	(174)	(1,730)
Admin. expenses on the net defined benefit liability	827	769
	33,316	30,301

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23	2021/22
	£000	£000
Interest payable and similar charges	13,592	13,674
Investment losses and investment expenditure	1,763	741
Net interest on the net defined benefit liability	9,716	8,669
Interest and investment income	(8,155)	(4,901)
Net gain on the disposal of investment properties	(55)	(210)
Movement in expected credit loss on financial assets	39	(76)
	16,900	17,897

6. LOCAL TAXATION AND NON-SPECIFIC GRANT INCOME

	2022/23	2021/22
	£000	£000
Council tax income	(107,121)	(102,099)
Non-domestic rates	(55,650)	(51,318)
Non-ringfenced government grants	(176,529)	(158,832)
Capital grants and contributions	(27,599)	(39,720)
	(366,899)	(351,969)

Council Tax

All domestic properties are included in the Council Tax Valuation List which is issued and maintained by the Valuation Office Agency, part of His Majesty's Revenue and Customs (HMRC). Each property is placed in one of nine property bands (Band A to Band I) depending on the open market valuation of the dwelling at 1st April 2003 (otherwise known as the valuation date). A tenth band (A-) is only available to those taxpayers who live in band 'A' properties and are entitled to a disabled banding reduction.

Council tax is payable based on the valuation band into which a property has been placed by the Valuation Office Agency. Gross charges are calculated by dividing the total income requirements of the County Council, Police and Crime Commissioner for North Wales and town/community councils by the council tax base.

The tax base is the total of all the properties in each band expressed as Band 'D' equivalent numbers and adjusted for exemptions, discounts and disregards. Allowances are also made within the tax base for bad or doubtful debts. The tax base for 2022/23 was 65,194 Band 'D' equivalent properties (65,026 in 2021/22).

NOTES TO THE CORE FINANCIAL STATEMENTS

The Flintshire County Council precept for a Band 'D' property in 2022/23 was £1,449.58 (£1,394.50 in 2021/22). Council tax bills were based on the following multipliers for bands A- to I :

Band	A-	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
No. of equivalent Band 'D' dwellings	9.31	2,328.17	6,295.33	16,209.56	11,921.74	12,277.83	10,236.42	4,975.83	1,116.50	444.50

Other precepts added to 2022/23 council tax demand notices included the North Wales Police and Crime Commissioner precept in the sum of £20.653m (£19.869m in 2021/22) and 34 town and community councils who collectively raised precepts totalling £3.196m (£3.111m in 2021/22).

Analysis of the net proceeds from Council Tax:

	2022/23	2021/22
	£000	£000
Council tax collected	119,749	114,529
(Increase)/Decrease in bad debts provision	(78)	15
Council Tax Reduction Scheme	(11,796)	(11,747)
Amounts written off to provision	(754)	(698)
	<u>107,121</u>	<u>102,099</u>
Less - Payable to North Wales Police and Crime Commissioner	(20,653)	(19,869)
Less - Payable to Town and Community Councils	(3,196)	(3,110)
	<u>83,272</u>	<u>79,120</u>

Non-Domestic Rates (NDR)

NDR is organised on a national basis. The government sets the multiplier which in 2022/23 was 53.5p for all properties (53.5p in 2021/22). The Council is responsible for collecting the rates in its area, which are paid into the NDR pool administered by the Welsh Government.

The Welsh Government (WG) distributes NDR pool receipts to local authorities on the basis of a fixed amount per head of population. 2022/23 NDR income paid into the pool was £61.251m after relief and provisions (£64.781m in 2021/22), based on a year end rateable value total of £146.586m (£146.600m in 2021/22).

Analysis of the net proceeds from NDR:

	2022/23	2021/22
	£000	£000
NDR collected	58,610	50,297
Less - Paid into NDR pool	(61,251)	(64,781)
Less - Cost of collection	(350)	(350)
(Increase)/Decrease in bad debts provision	(64)	302
Relief Schemes	3,055	14,532
	<u>0</u>	<u>0</u>
Receipts from pool	55,650	51,318
	<u>55,650</u>	<u>51,318</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

7. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves				Unusable Reserves
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
2022/23					
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets	1,625	(6,444)	0	0	4,819
Revaluation losses on property, plant and equipment	8,978	49	0	0	(9,027)
Movements in the market value of investment properties	(3,079)	0	0	0	3,079
Amortisation of intangible assets	0	0	0	0	0
Capital grants and contributions applied	0	0	0	(30,344)	30,344
REFCUS	4,950	0	0	0	(4,950)
Soft loan accounting adjustments	(177)	0	0	0	177
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,332	31	0	0	(2,362)
Inclusion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(4,436)	(1,610)	0	0	6,046
Capital expenditure charged against the Council Fund and HRA balances	(1,695)	(12,566)	0	0	14,261
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to CIES	(22,810)	(7,633)	0	30,442	0
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,487)	(105)	2,813	0	(221)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(1,622)	0	1,622
Adjustments involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	50,585	2,997	0	0	(53,582)
Employer's pensions contributions and direct payments to pensioners payable in the year	(25,109)	(1,400)	0	0	26,509
Adjustment involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,131	28	0	0	(1,159)
Adjustments involving the Deferred Capital Receipts Account:					
Transfer from CIES to deferred Capital Receipts Reserve	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	9,448	(26,653)	1,190	99	15,916

NOTES TO THE CORE FINANCIAL STATEMENTS

	Restated				Unusable Reserves
	Usable Reserves				
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
2021/22					
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets*	(1,855)	(17,273)	0	0	19,128
Revaluation losses on property, plant and equipment*	13,131	(3,078)	0	0	(10,053)
Movements in the market value of investment properties	(1,903)	0	0	0	1,903
Amortisation of intangible assets	2	0	0	0	(2)
Capital grants and contributions applied	0	0	0	(42,476)	42,476
REFCUS	4,383	0	0	0	(4,383)
Soft loan accounting adjustments	(39)	0	0	0	39
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	321	81	0	0	(402)
Inclusion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(4,434)	(1,559)	0	0	5,993
Capital expenditure charged against the Council Fund and HRA balances	(1,765)	(16,620)	0	0	18,385
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to CIES	(34,548)	(8,545)	0	43,093	0
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,223)	(120)	2,604	0	(262)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(185)	0	185
Adjustments involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	43,065	2,601	0	0	(45,666)
Employer's pensions contributions and direct payments to pensioners payable in the year	(23,651)	(1,272)	0	0	24,923
Adjustment involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	445	(108)	0	0	(337)
Adjustments involving the Deferred Capital Receipts Account:					
Transfer from CIES to deferred Capital Receipts Reserve	0	0	49	0	(49)
Adjustments between accounting & funding basis under regulations*	(9,430)	(45,893)	2,468	617	52,238

*Restated. See Note 44.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is made up of council dwellings, other land and buildings, vehicles, plant, furniture and equipment that are held, occupied, used or contracted to be used on behalf of the Council, or consumed in the direct delivery of services. Included are dwellings and other housing properties, office buildings, schools, libraries, sports centres and pools, residential homes/day centres, depots and workshops, cemetery buildings, off-street car parks, vehicles, mechanical plant, fixtures and fittings and other equipment.

NOTES TO THE CORE FINANCIAL STATEMENTS

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale and change of use. Included are parks and open spaces, recreation grounds, play areas and cemetery land.

The Council's asset valuations are based on guidance from the Royal Institution of Chartered Surveyors (RICS) Red Book Global. Less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. An additional revaluation exercise has been carried out on existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2023. This exercise has been carried out for the Council's Depreciated Replacement Cost (DRC) assets and council dwellings using data sources from the Building Cost Information Service (BCIS) and Land Registry.

Movements 2022/23

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1st April, 2022	274,181	471,252	36,755	7,254	4,921	12,125	806,488
Additions and Acquisitions	19,820	9,945	5,029	0	195	9,059	44,048
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(250)	9,491	0	0	0	0	9,241
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	31,920	15,919	0	(431)	0	0	47,408
Assets Derecognised	(31)	(1,478)	(6,112)	(653)	(453)	0	(8,727)
Reclassifications	0	443	0	(688)	745	0	500
Other movements in cost or valuation	682	4,342	0	0	0	(5,024)	0
At 31st March 2023	326,322	509,914	35,672	5,482	5,408	16,160	898,958
Accumulated Depreciation and Impairment							
At 1st April, 2022	(59)	(16,609)	(17,174)	(1,374)	0	0	(35,216)
Depreciation charge	(4,978)	(16,088)	(4,398)	(34)	0	0	(25,498)
Depreciation written out to the Revaluation Reserve	22	1,100	0	0	0	0	1,122
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(124)	0	0	0	0	(124)
Impairments written out to the Revaluation Reserve	80	(308)	0	0	0	0	(228)
Impairments recognised in the Revaluation Reserve	(49)	(6,099)	0	0	0	0	(6,148)
Reversal of Impairments recognised in the Surplus/Deficit	0	4,343	0	0	0	0	4,343
Impairments written out to Surplus/Deficit on the Provision of Services	0	(1,463)	0	0	0	0	(1,463)
Impairments recognised in the Surplus/Deficit on the Provision of Services	(20,055)	(2,012)	0	0	0	0	(22,067)
Assets Derecognised	0	1,478	6,112	0	0	0	7,590
Assets reclassified (to)/from Held for Sale	0	0	0	245	0	0	245
At 31st March 2023	(25,039)	(35,782)	(15,460)	(1,163)	0	0	(77,444)
Balance Sheet at 31st March 2023	301,283	474,132	20,212	4,319	5,408	16,160	821,514
Balance Sheet at 1st April 2022	274,122	454,643	19,581	5,880	4,921	12,125	771,272
Nature of Asset Holding							
Owned	301,283	474,132	18,164	4,319	5,408	16,160	819,466
Finance Lease	0	0	2,048	0	0	0	2,048
At 31st March 2023	301,283	474,132	20,212	4,319	5,408	16,160	821,514

NOTES TO THE CORE FINANCIAL STATEMENTS

Movements 2021/22	Restated						
	Council Dwellings & Garages £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Community Assets £000	Assets under Construction £000	Total £000
Cost or Valuation							
At 1st April, 2021	254,253	392,183	33,140	7,283	4,902	21,082	712,843
Additions and Acquisitions	20,756	21,814	5,963	0	19	7,493	56,045
Revaluation increases / (decreases) recognised in the Revaluation Reserve*	274	82,237	0	(104)	0	0	82,407
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services*	(1,021)	(39,278)	0	(166)	0	0	(40,465)
Assets Derecognised	(81)	(1,725)	(2,348)	(243)	0	0	(4,397)
Reclassifications	0	(429)	0	484	0	0	55
Other movements in cost or valuation	0	16,450	0	0	0	(16,450)	0
At 31st March 2022*	274,181	471,252	36,755	7,254	4,921	12,125	806,488
Accumulated Depreciation and Impairment							
At 1st April, 2021	(22,011)	(60,943)	(14,981)	(1,345)	0	0	(99,280)
Depreciation charge	(4,968)	(13,327)	(4,541)	(34)	0	0	(22,870)
Depreciation written out to the Revaluation Reserve	97	8,080	0	23	0	0	8,200
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,999	41,799	0	0	0	0	51,798
Impairments written out to the Revaluation Reserve	10	682	0	244	0	0	936
Impairments recognised in the Revaluation Reserve	(31)	(5,164)	0	0	0	0	(5,195)
Reversal of Impairments recognised in the Surplus/Deficit	0	1,645	0	16	0	0	1,661
Impairments written out to Surplus/Deficit on the Provision of Services	16,845	8,727	0	(13)	0	0	25,559
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Assets Derecognised	0	1,725	2,348	0	0	0	4,073
Assets reclassified (to)/from Held for Sale	0	167	0	(265)	0	0	(98)
At 31st March 2022	(59)	(16,609)	(17,174)	(1,374)	0	0	(35,216)
Balance Sheet at 31st March 2022	274,122	454,643	19,581	5,880	4,921	12,125	771,272
Balance Sheet at 1st April 2021	232,242	331,240	18,159	5,938	4,902	21,082	613,563
Nature of Asset Holding							
Owned	274,122	454,643	16,987	5,880	4,921	12,125	768,678
Finance Lease	0	0	2,594	0	0	0	2,594
At 31st March 2022	274,122	454,643	19,581	5,880	4,921	12,125	771,272

*Restated. See Note 44.

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Included are highways, footpaths, bridges, water and drainage facilities and coastal defences.

The Code requires that where a component of an infrastructure asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset. Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, in large part due to data limitations, the Council have been unable to comply with the requirement to assess the net book value of the replaced component and will have treated the amount of the replaced component as zero. This is because the replaced component is considered to have been fully used up at the point that it is replaced.

NOTES TO THE CORE FINANCIAL STATEMENTS

CIPFA published an update to the Code in November 2022 which includes a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. In accordance with the temporary relief, offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Infrastructure Assets	2022/23	2021/22
	£000	£000
At 1st April	157,785	157,494
Additions	5,944	6,856
Depreciation	<u>(6,735)</u>	<u>(6,565)</u>
At 31st March	<u>156,994</u>	<u>157,785</u>

The Council has determined in accordance with Regulation 24L of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Fair Value Measurement of Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31st March is as follows:

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2022/23 Surplus Assets	0	800	3,519	4,319
2021/22 Surplus Assets	0	2,136	3,744	5,880

Transfers between different levels of the fair value hierarchy have occurred during the year due to comparable information not being available this year for similar assets in active markets.

In estimating the fair value of the Council's surplus assets, the highest and best use of the properties has been taken into account.

The Council is required to disclose where the highest and best use differs from current use. In line with their treatment as surplus assets, a number of these assets are currently vacant; in these cases the current use is not the highest and best use.

The Council's valuers, in using appropriate valuation techniques, have maximised the use of relevant known inputs and minimised the use of unobservable inputs.

The valuation techniques used to measure the fair value of surplus assets are the market approach and the income approach. The Council's valuers considered these bases to be appropriate because:

(i) Market approach - use of prices and other relevant information and data generated by market transactions reflects the value of the asset payable by the market.

(ii) Income approach – use of this approach reflects the market expectation of the future cash flows receivable from that asset.

NOTES TO THE CORE FINANCIAL STATEMENTS

9. INVESTMENT PROPERTIES AND AGRICULTURAL ESTATE

	2022/23	2021/22
	£000	£000
Cost or Valuation		
At 1st April	27,735	25,213
Reclassifications	(500)	664
Additions	71	41
Revaluation increases/(decreases) to Surplus/Deficit	2,792	1,879
Other adjustments	(1,148)	(62)
At 31st March	28,950	27,735
Depreciation and Impairments		
At 1st April	41	24
Reclassifications	245	0
Reversal of Impairments recognised in the Surplus/Deficit	(286)	(24)
Impairment / Depreciation	71	41
At 31st March	71	41
Balance Sheet at 31st March	28,879	27,694

Fair Value Measurement of Investment Property

Details of the Council's investment properties and information about the fair value hierarchy as at 31st March is as follows:

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2022/23				
Commercial and Industrial Estates	0	0	15,098	15,098
Agricultural Estate - Farms	0	11,380	0	11,380
Agricultural Estate - Grazing land	0	0	2,401	2,401
	0	11,380	17,499	28,879
2021/22				
Commercial and Industrial Estates	0	0	12,803	12,803
Agricultural Estate - Farms	0	11,615	0	11,615
Agricultural Estate - Grazing land	0	0	3,276	3,276
	0	11,615	16,079	27,694

NOTES TO THE CORE FINANCIAL STATEMENTS

There were no transfers between different levels of the fair value hierarchy during the year and there has been no change in the valuation techniques used during the year for investment properties.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The fair value of the Council's investment property is measured annually at each reporting date. In 2022/23 the Council's farms and smallholdings were valued by an external valuer, with the remainder of the valuations carried out by the Council's internal valuers.

All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS. The Council's valuation team work closely with finance officers regarding all valuation matters.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The Council's farms and smallholdings were valued by an external independent valuer in accordance with IFRS 13 Fair Value requirements, using the market approach for such assets but reflecting the specific circumstances of each asset e.g. vacant or subject to an existing tenancy. The valuation hierarchy Level 2 was considered appropriate given details of the market comparators were provided as part of the valuation report. The valuation techniques also considered highest and best use reflecting what is physically possible or legally permissible.

Significant Unobservable Inputs – Level 3

The valuation techniques used to measure the fair value of the grazing and bare land are the market approach and the income approach. The Council's valuers considered these bases to be appropriate because:

(i) Market approach – use of prices and other relevant information and data generated by market transactions reflects the value of the asset payable by the market.

(ii) Income approach – use of this approach reflects the market expectation of the future cash flows receivable from that asset.

The Council's valuers, in using appropriate valuation techniques in the circumstances and where sufficient data is available, have maximised the use of relevant known inputs and minimised the use of unobservable inputs. The grazing and bare land valuation techniques reflected Level 3 input due to the lack of market data obtainable by the Council's valuers.

The valuation techniques used to measure the fair value of the commercial and industrial estates are the income approach (for assets) and the market approach (for vacant land). The Council's valuers considered these bases to be appropriate because: -

(i) Income approach – use of this approach reflects the market expectation of the future cash flows receivable from that asset.

(ii) Market approach - use of prices and other relevant information and data generated by market transactions reflects the value of the asset payable by the market.

However, predominately the approach to valuing the commercial and industrial units was done using the Council's own existing information and data reflecting such factors as rent growth, occupancy levels, bad debt levels, and costs for repair and maintenance obligations. Therefore, the Council's commercial and industrial unit's valuation hierarchy is Level 3 as the valuation approach uses unobservable inputs and that this is done on the same basis when valuing the asset as would be used by market participants.

NOTES TO THE CORE FINANCIAL STATEMENTS

10. ASSETS HELD FOR SALE

	Council Dwellings & Garages £000	Other Property, Plant & Equipment £000	Investment Properties £000	Total £000
At 1st April 2022	0	308	75	383
Additions	0	0	0	0
Assets newly classified as held for sale	0	0	0	0
Assets declassified as held for sale	0	0	0	0
Net Reclassifications	0	0	0	0
Impairments	0	0	0	0
Revaluation gains	0	0	0	0
Revaluation losses	0	0	0	0
Net Revaluations	0	0	0	0
Assets sold	0	(77)	0	(77)
At 31st March 2023	0	231	75	306

	Council Dwellings & Garages £000	Other Property, Plant & Equipment £000	Investment Properties £000	Total £000
At 1st April 2021	0	471	550	1,021
Additions	0	0	0	0
Assets newly classified as held for sale	0	0	0	0
Assets declassified as held for sale	0	(146)	(475)	(621)
Net Reclassifications	0	(146)	(475)	(621)
Impairments	0	0	0	0
Revaluation gains	0	0	0	0
Revaluation losses	0	0	0	0
Net Revaluations	0	0	0	0
Assets sold	0	(17)	0	(17)
At 31st March 2022	0	308	75	383

Fair Value Measurement of Assets Held for Sale

Details of the Council's assets held for sale and information about the fair value hierarchy as at 31st March is as follows:

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2022/23 Assets Held for Sale	0	0	306	306
2021/22 Assets Held for Sale	0	0	383	383

NOTES TO THE CORE FINANCIAL STATEMENTS

There were no transfers between different levels of the fair value hierarchy during the year and there has been no change in the valuation techniques used during the year for Assets Held for Sale.

In estimating the fair value of the Council's Assets Held for Sale, the highest and best use of the properties has been taken into account.

The Council is required to disclose where the highest and best use differs from current use. A number of assets held for sale are currently vacant pending disposal; in these cases the current use is not the highest and best use.

Significant Unobservable Inputs – Level 3

The valuation techniques used to measure the fair value of assets held for sale are the market approach and income approach. The Council's valuers considered these bases to be appropriate because:

(i) Market approach - use of prices and other relevant information and data generated by market transactions reflects the value of the asset payable by the market.

(ii) Income approach – use of this approach reflects the market expectation of the future cash flows receivable from that asset.

The Council's valuers, in using appropriate valuation techniques have maximised the use of relevant known inputs and minimised the use of unobservable inputs.

11. LONG TERM INVESTMENTS

	31 March 2023	31 March 2022
	£000	£000
North East Wales Homes Ltd (NEW Homes)	3,659	3,730
	<u>3,659</u>	<u>3,730</u>

12. LONG TERM DEBTORS

	31 March 2023	31 March 2022
	£000	£000
Renewal and improvement loans	1,699	1,725
First time buyer loans	100	100
Affordable housing deposits	50	50
Private street works	50	49
Loans to NEW Homes	10,100	10,126
	<u>11,999</u>	<u>12,050</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

13. SHORT TERM DEBTORS

	31 March 2023	31 March 2022
	£000	£000
Housing Rents	2,125	2,044
Council Tax	5,133	4,629
Grants	31,691	30,617
Benefit Overpayments	1,607	1,746
Taxation	6,348	5,202
NDR	4,121	2,057
Lending	131	133
Payments in advance	9,643	8,155
North Wales Economic Ambition Board (NWEAB)	7,214	4,756
Other	11,991	10,439
NHS - Test, Trace, Protect	382	1,099
NHS	3,107	3,882
	83,493	74,759
Allowance for impairment losses and expected credit losses	(3,335)	(3,350)
	80,158	71,409

Analysis of age of Council Tax debt:

	31 March 2023	31 March 2022
	£000	£000
0-1 year	2,841	2,387
1-2 years	1,070	1,271
2-3 years	671	538
3-4 years	302	204
4-5 years	112	103
5+ years	137	126
	5,133	4,629

14. SHORT TERM INVESTMENTS

	31 March 2023	31 March 2022
	£000	£000
Investments (3 months – 365 days)	5,000	5,000
Accrued interest	54	1
	5,054	5,001

NOTES TO THE CORE FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

	31 March 2023	31 March 2022
	£000	£000
Cash	947	584
Cash - Call accounts	29,087	30,510
Cash Equivalents - Short term deposits	0	14,701
Cash overdrawn	(2,427)	(2,138)
	27,607	43,657

16. BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

	31 March 2023	31 March 2022
	£000	£000
Accrued interest on long term external borrowing	2,896	2,876
Loans maturing	2,262	2,400
Annuity/EIP loan repayments	2,253	1,970
Energy Efficiency Loans (from Salix Finance Ltd.)	487	501
Mockingbird (Innovate to Save loan)	0	288
Short term external borrowing	12,000	10,000
Accrued interest on short term external borrowing	10	1
	19,908	18,036

17. CREDITORS

	31 March 2023	31 March 2022
	£000	£000
Short Term		
Rents received in advance	448	437
Council Tax received in advance and accounts in credit	1,714	1,592
Deposits	438	365
Receipts in advance	6,191	6,747
Receipts in advance - Bus Emergency Scheme	5,150	16,128
Employee related	7,402	7,912
Other	36,566	29,841
	57,909	63,022
Long Term		
Deposits	398	412
Receipts in advance	593	977
Other	149	0
	1,140	1,389

NOTES TO THE CORE FINANCIAL STATEMENTS

18. GRANT INCOME

The Council credited the following grants and contributions to the CIES:

	2022/23	2021/22
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	176,529	155,460
Additional Revenue Support Grant	0	2,832
Funding for Council Tax collection shortfall	0	540
Total Non-Ringfenced Government Grants	176,529	158,832
WG:		
Major Repairs Allowance (MRA)	4,978	4,968
General Capital Grant	2,772	7,236
Sustainable Communities for Learning (formally 21st Century Schools)	259	3,371
21st Century Schools - Welsh Medium	0	2,086
Housing with Care Fund (formally Integrated Care Fund)	415	1,409
School Improvement Grant	2,524	2,524
Active Travel Fund	1,283	1,144
Childcare Offer Capital Grant	1,635	2,691
Queensferry Community Hub	0	1,993
Optimised Retrofit	1,399	2,985
Free School Meals	1,767	1,262
Childcare Offer Capital Grant - Glanrafon	0	1,060
Additional Learning Needs	1,010	0
Community Focus Grant	1,010	0
Other WG Grants*	3,734	3,647
Arts Council Wales	4,302	1,200
Other Capital Grants and Contributions	511	2,144
Total Capital Grants and Contributions	27,599	39,720
	204,128	198,552

*2021/22 includes Local Transport Fund (£0.566m) and HwB in Schools ICT Infrastructure Grant (£0.740m) separately disclosed in 2021/22.

Credited to Services

WG

Housing Support Grant	7,682	7,215
Post 16	5,385	5,531
Education Improvement Grant	5,925	7,008
Children & Communities Grant	6,419	5,874
Pupil Deprivation	5,674	5,025
Concessionary Fares	1,349	1,582
Regional Integration Fund (formally Integrated Care Fund)	6,035	3,748
LA Education Grant	6,834	9,572
North Wales Residual Waste Treatment Partnership (NWRWTP)	0	5,620
Social Services Workforce	1,951	2,167
Social Care Recovery Fund	0	2,772
Social Care Pressures	0	2,167
COVID-19 Hardship Funding	1,793	10,350
Sustainable Waste Management Grant	742	1,037
Cost of Living Discretionary Grant	0	1,149
Ukraine Response Scheme	2,092	0
Other*	10,107	12,395
Department of Work and Pensions	25,973	27,234
GWE Contributions	1,131	1,732
Other Grants and Contributions	3,662	2,960
	92,754	115,138

*2021/22 includes Bus Emergency Scheme (£0.291m) separately disclosed in 2021/22.

NOTES TO THE CORE FINANCIAL STATEMENTS

Grants and Contributions Received in Advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them. The funding will be returned to the grantor if the conditions are not met. The balances at the year end are as follows:

	31 March 2023 £000	31 March 2022 £000
Short Term		
Revenue Grants	1,974	2,646
Capital Grants - NWEAB	1,425	3,625
Capital Contributions	99	205
Revenue Contributions	239	221
	3,737	6,697
Long Term		
Capital Grants - NWEAB	5,401	888
Revenue Contributions	365	397
Capital Contributions	502	250
	6,268	1,535

19. PROVISIONS

The amounts recognised as provisions are the best estimates of expenditure required to settle present obligations.

	31 March 2023 £000	Additions £000	Expenditure Incurred £000	Amounts Reversed £000	Unwinding Discounting £000	31 March 2022 £000
Current Liabilities						
(A) Aftercare of former landfill sites	52	7	0	0	0	45
	52	7	0	0	0	45
Non-Current Liabilities						
(A) Aftercare of former landfill sites	1,067	89	0	0	21	957
	1,067	89	0	0	21	957

- (A) The aftercare of former landfill sites provides for the environmental aftercare costs for the former waste disposal sites at Standard and Brookhill, Buckley, split across a current liability and a non-current liability. The projected costs are embodied in performance deeds with Natural Resources Wales (formerly the Environment Agency). These deeds form the basis of the Council's legal obligation to make financial provision for aftercare for 60 years from the date the landfill site was closed. The provision is revised by way of indexation each year in line with RPI and reviewed for adequacy. The provision matches the legal obligation contained in the performance deeds.

NOTES TO THE CORE FINANCIAL STATEMENTS

Accumulated Absences

An additional provision on the Balance Sheet is the provision for accumulated absences. Short-term accumulating compensated absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is annual leave entitlement which employees build up as they work. The Code requires that the cost of providing holidays and similar benefits are recognised when employees render service that increases their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken as at 31st March each year. The Government has issued regulations that mean local authorities are only required to fund annual leave entitlement and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the accumulated absences account until the benefits are used.

20. LONG TERM BORROWING

Analysis	Interest Rates		31 March 2023	31 March 2022
	Minimum %	Maximum %	£000	£000
By Loan Type (Fixed Rate)				
Salix Finance (Energy Efficiency)	Interest Free		2,503	2,890
Government (PWL B)	1.16	9.50	267,024	266,540
Other financial institutions	4.48	4.58	18,950	18,950
WG	Interest Free		1,724	1,137
			290,201	289,517
By Maturity				
Between 1 and 2 years			6,985	4,994
Between 2 and 5 years			18,089	16,839
Between 5 and 10 years			36,525	31,634
More than 10 years			228,602	236,050
			290,201	289,517

21. USABLE RESERVES

The Council maintains a number of reserves on the Balance Sheet. Some are held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and in Note 7.

Earmarked reserves are made up of the following -

- Service balances – represents service departments carrying forward unspent funding for use in the subsequent financial year and other relevant specific income / underspends one-off in nature that extend over more than one year for a specific purpose.
- School balances – this sum represents the element of balances released under the delegation of budgets to schools which remained unspent at the end of the financial year.
- Insurance Reserves – various insurance related reserves, including the Council's Internal Insurance Fund, to meet the costs of self-insurance below individual policy excess levels.
- Cheque Book Schools – reserve to fund minor discrepancies due to timing differences in schools who operate their own bank accounts.
- Employment Claims – to fund the estimated costs of employee claims against the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Schools Intervention – schools' reserve to support schools following Estyn inspections and also to correct any errors and inaccuracies in funding formula.
- Schools HwB ICT Replacement – schools are setting aside funding for replacement of ICT equipment in 2026/27 as part of WG HwB ICT grant terms and conditions.
- Free School Meals - reserve set up to mitigate risks to Free School Meals budget in future years given increase in eligibility and changes to Primary sector with introduction of universal provision.
- Flintshire Trainees – reserve to fund the Flintshire Trainee programme.
- Workforce Costs – accumulated reserve to fund further one-off workforce costs.
- Investment in Organisational Change – accumulated reserve to fund the costs of remodeling services and 'Invest to Save' type projects.
- Design Fees - reserve created to mitigate a loss of income from the capital programme.
- Rent Income Shortfall – reserve created to mitigate loss of income from industrial property rent.
- County Elections – reserve to fund the costs of future elections.
- Customer Service Strategy – to enable the roll out of the Customer Services Strategy. This will include improvements to Connect Centres, improving self-service facilities and investment in new software.
- ICT Servers – to provide future financial assistance for replacement of servers within schools. The initiative is to extend the usable life of the existing servers.
- IT Infrastructure HwB – to support schools' ICT infrastructure.
- COVID-19 Inquiry – reserve to fund staff costs associated with the COVID-19 Inquiry for which the Council is legally required to respond to any requests in a timely manner.
- Organisational Change/ADM – to support initial set up costs and financial technical support for contingency against any financial issues arising as a result of implementing different service delivery methods.
- Local Development Plan – funding for costs associated with finalising, and then implementing, the Local Development Plan – post adoption.
- Solar Farms – to fund the ongoing maintenance of Solar Farms – enabling re-investment in Energy Efficiency Schemes.
- Supervision Fees – this reserve is used for work carried out by the Development Control Team in supervising works on housing developments in connection with the adoption of roads and/or other related work deemed necessary.
- Warm Homes Admin Fee Income – reserve to support and resource the demand for the services of the Warm Homes Energy Team in their work to deliver energy efficiency improvements to those in fuel poverty.
- NWEAB – Flintshire County Council's share of NWEAB joint committee reserves held by Gwynedd County Council.
- Waste Disposal – reserve used predominantly to fund Flintshire County Council's contribution to NWRWTP.
- Winter Maintenance – reserve set up as a contingency in the event of prolonged periods of severe winter weather conditions.
- Car Parking - apportionment of car park income ringfenced for works/improvements at Mold town centre in accordance with Mold Town Council agreement.
- Community Benefit Fund – NWRWTP - contributions from NWRWTP and Wheelabrator Technologies Inc. to fund environmentally beneficial projects in the locality of Flintshire. In the interim it is being utilised as a 'Community Recovery Fund' to help local communities in the Deeside area from the impacts of the COVID-19 pandemic.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Severe Weather – reserve set up as a contingency in the event of severe weather conditions such as flooding and wind damage from storms.
- 20mph Scheme – to cover future costs associated with the roll out of the new 20mph speed limits across the County.
- Plas Derwen Wave 4 – to replace the equipment procured through the wave funding and meet any new digital standards as per the terms and conditions of the HwB grant funding.
- Grants & Contributions – various grants and contributions from external providers that must be spent in accordance with restrictions on use.

Movement between earmarked reserves is summarised in the following table:

	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Service balances	4,140	(2,360)	2,917	4,697	(1,672)	3,159	6,184
School balances	6,902	(9,604)	14,994	12,292	(13,591)	8,016	6,717
Insurance Reserves	2,224	(819)	731	2,136	(557)	622	2,201
Cheque Books Schools	4	0	0	4	(4)	0	0
Employment Claims	125	(15)	0	110	0	0	110
Schools Intervention	427	(272)	336	491	(364)	579	706
Schools HwB ICT Replacement	0	0	263	263	0	263	526
Free School Meals	0	0	115	115	(85)	0	30
Flintshire Trainees	613	(15)	99	697	(134)	0	563
Workforce Costs	1,043	(165)	0	878	(35)	0	843
Investment in Organisational Change	1,465	(247)	400	1,618	(267)	0	1,351
Design Fees	170	0	80	250	0	0	250
Rent Income Shortfall	31	(18)	0	13	(13)	106	106
County Elections	236	(29)	85	292	(272)	55	75
Capita One	19	(19)	0	0	0	0	0
Customer Service Strategy	22	0	0	22	0	0	22
ICT Servers	0	0	85	85	0	85	170
IT Infrastructure HwB	0	(85)	413	328	(15)	0	313
COVID-19 Inquiry	0	0	0	0	(18)	160	142
Organisational Change/ADM	33	0	241	274	0	600	874
Local Development Plan	242	0	0	242	(127)	0	115
Solar Farms	0	0	0	0	0	63	63
Supervision Fees	49	0	0	49	0	0	49
Warm Homes Admin Fee Income	322	(113)	89	298	0	18	316
NWEAB	92	0	118	210	0	121	331
Waste Disposal	24	(3)	28	49	(116)	116	49
Winter Maintenance	250	0	0	250	(180)	180	250
Car Parking	45	0	0	45	0	43	88
Community Benefit Fund NWRWTP	230	(24)	245	451	0	232	683
Severe Weather	0	(20)	270	250	0	0	250
20mph Scheme	0	0	0	0	0	111	111
Plas Derwen Wave 4	0	0	2	2	0	2	4
Grants & Contributions	5,730	(2,884)	7,930	10,776	(7,273)	3,563	7,066
	24,438	(16,692)	29,441	37,187	(24,723)	18,094	30,558

NOTES TO THE CORE FINANCIAL STATEMENTS

22. UNUSABLE RESERVES

The details of movements on unusable reserves are as follows:

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Revaluation Reserve records unrealised revaluation gains arising since 1st April 2007, the date that the reserve was created. The reserve is matched by non-current assets within the Balance Sheet - the resources are not available for financing purposes.

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Balance at 1st April		197,733		117,058
Upward revaluation of assets*	37,572		97,760	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	<u>(33,585)</u>		<u>(11,412)</u>	
Surplus or (deficit) on revaluation of non-current assets not posted to the surplus/deficit on the provision of services		3,987		86,348
Difference between fair value depreciation and historical cost depreciation	(8,027)		(5,532)	
Accumulated gains on assets sold or scrapped	<u>(279)</u>		<u>(141)</u>	
Amount written off to the capital adjustment account		(8,306)		(5,673)
Balance at 31st March*		<u>193,414</u>		<u>197,733</u>

*Restated. See Note 44.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early payment of debt) are recognised under the Code and are required by statute to be met from the Council fund. Again, the reserve is matched by borrowings and investments within the Balance Sheet, and the resources are not available for financing purposes.

	2022/23		2021/22	
	£000	£000	£000	£000
Balance at 1st April		(5,011)		(5,371)
Proportion of premiums incurred in previous financial years to be charged against the Council Fund balance in accordance with statutory requirements	<u>359</u>		<u>360</u>	
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		359		360
Balance at 31st March		<u>(4,652)</u>		<u>(5,011)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Reserve

The Pensions Reserve is an adjustment account that absorbs the timing differences arising from different arrangements for post employment benefits and for funding benefits in accordance with statutory provisions.

The Council accounts for post employment benefits in the CIES - the benefits are earned by employees accruing years of service. The liabilities recognised in the accounts are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require those benefits earned to be financed as and when the Council makes the employer's contributions to the pension fund, or eventually pays any pensions for which it has direct responsibility. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23	2021/22
	£000	£000
Balance at 1st April	(362,940)	(430,543)
Return on plan assets	(66,432)	81,745
Actuarial gains and (losses)	378,678	6,576
Net charges to surplus / deficit on provision of services	(53,582)	(45,667)
Employers' contributions payable to the scheme	26,509	24,924
Flintshire County Council's share of the remeasurements of the net pension defined benefit asset relating to NWEAB	44	25
Balance at 31st March	<u>(77,723)</u>	<u>(362,940)</u>

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the Council Fund balance is neutralised by transfer to or from the account.

	2022/23	2021/22
	£000	£000
Balance at 1st April	(5,563)	(5,226)
Settlement or cancellation of accrual made at the end of the preceding year	5,563	5,226
Amounts accrued at the end of the current year	<u>(6,722)</u>	<u>(5,563)</u>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,159)	(337)
Balance at 31st March	<u>(6,722)</u>	<u>(5,563)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Balance at 1st April		422,458		343,777
Reversal of items relating to capital expenditure debited or credited to the CIES:				
- Charges for depreciation and impairment of non-current assets*		4,818		19,129
- Revaluation losses on Property, Plant & Equipment*		(9,027)		(10,053)
- Movements in the market value of investment properties debited or credited to the CIES		3,079		1,903
- Amortisation of intangible assets		0		(2)
- REFCUS		(4,950)		(4,383)
- Soft loan accounting adjustments		177		39
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		(2,362)		(402)
		<u>(8,265)</u>		<u>6,231</u>
Adjusting amounts written out of the Revaluation Reserve		<u>8,307</u>		<u>5,673</u>
Net written out amount of the cost of non-current assets consumed in the year*		42		11,904
Capital financing applied in the year:				
- Use of the capital receipts reserve to finance capital expenditure		1,428		0
- Capital grants and contributions credited to the CIES that have been applied to capital financing		30,344		42,476
- Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances		6,046		5,993
- Capital expenditure charged against the Council Fund and HRA balances		14,261		18,385
- Use of the capital receipts reserve to repay debt		195		185
Long term debtors adjustments - Loan repayments		(221)		(263)
		52,053		66,777
Balance at 31st March*		<u>474,553</u>		<u>422,458</u>

*Restated. See Note 44.

NOTES TO THE CORE FINANCIAL STATEMENTS

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The net cash flows from operating activities include the following interest elements:

	2022/23	2021/22
	£000	£000
Interest received	1,458	449
Interest paid	(13,542)	(13,655)

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2022/23	2021/22
	£000	£000
Purchase of property, plant & equipment, investment property and intangible assets	(50,063)	(62,942)
Purchase of short term and long term investments	(5,000)	(5,000)
Other payments for investing activities	0	(444)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	2,592	2,441
Proceeds from short term and long term investments	5,000	10,000
Other receipts from investing activities	30,467	43,355
Net cash flows from investing activities	(17,004)	(12,590)

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2022/23	2021/22
	£000	£000
Cash receipts of short term and long term borrowing	17,400	20,745
Cash payments for the reduction of the outstanding liability relating to finance leases	(590)	(587)
Repayment of short term and long term borrowing	(14,873)	(63,083)
Net cash flows from financing activities	1,937	(42,925)

NOTES TO THE CORE FINANCIAL STATEMENTS

26. OFFICERS' REMUNERATION

Senior Employee Emoluments

The Accounts and Audit (Wales) Regulations 2014 (as amended) requires disclosure (in £5,000 bandings) of the number of employees whose remuneration - all sums paid to or receivable by the employee including payments on termination of employment, expense allowances chargeable to tax, and the money value of benefits - exceeded £60,000 (including part time employees or an officer who is employed or engaged on a temporary basis. Remuneration grossed up). The band values do not include employer pension contributions. Columns for schools include all maintained schools including Voluntary Aided and Foundation Schools.

Remuneration Band	2022/23		2021/22	
	Non-Schools	Schools	Non-Schools	Schools
	No.	No.	No.	No.
£60,000 - £64,999	23	36	18	37
£65,000 - £69,999	2	25	0	25
£70,000 - £74,999	3	17	5	10
£75,000 - £79,999	2	9	0	3
£80,000 - £84,999	0	2	0	3
£85,000 - £89,999	0	1	0	6
£90,000 - £94,999	0	6	0	4
£95,000 - £99,999	0	3	0	1
£100,000 - £104,999	0	1	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	1
£120,000 - £124,999	0	1	0	0
	30	101	23	90

Some posts occupied are paid in accordance with nationally agreed Soulbury terms and conditions. Governing bodies have some discretion in setting the salaries of headteachers, within the parameters of the school teachers' pay and conditions 2015.

The Accounts and Audit (Wales) Regulations 2014 (as amended) also requires disclosure of the individual remuneration details for senior employees by post where the salary is between £60,000 and £150,000 and by name where the salary exceeds £150,000. Senior employees for the purpose of the disclosure are the Chief Executive, Chief Officers, Statutory Officers and persons for whom the Chief Executive is directly responsible.

The salaries of the Chief Executive and the Chief Officer team have been set by full Council in accordance with the Council's Pay Policy Statement (available on the Council's website). There has been no variation to pay rates during the year other than inflationary increases for implementation of nationally agreed annual pay awards to reflect the increased cost of living. No bonuses, taxable expense allowances, compensation payments or other taxable benefits were received by Chief Officers.

NOTES TO THE CORE FINANCIAL STATEMENTS

Post Title	Note	2022/23		2021/22	
		Employer's Pension		Employer's Pension	
		Remuneration	Contributions	Remuneration	Contributions
		£	£	£	£
Chief Executive	1 & 2	135,564	31,993	114,297	26,974
Chief Officer Governance	2 & 3	110,289	26,028	106,604	25,159
Chief Officer Education & Youth		102,407	24,168	100,482	23,714
Chief Officer Social Services		102,407	24,168	101,217	23,887
Chief Officer Planning, Environment & Economy		102,407	24,168	100,482	23,714
Chief Officer Streetscene & Transportation	4	94,504	22,303	84,588	19,963
Chief Officer Housing & Communities	5	67,603	15,954	0	0
Corporate Finance Manager (Section 151 Officer)		77,824	18,366	75,899	17,912
Corporate Manager - People & Organisational Development		77,824	18,366	76,438	18,039
Corporate Manager - Capital Programme & Assets	6	73,444	17,333	54,015	12,748
		944,273	222,847	814,022	192,110

Note 1 : Employment start date 1st November 2021. Remuneration prior to 1st November 2021 relates to role as Chief Officer Housing & Assets

(Portfolio now named Housing & Communities).

Note 2 : Remuneration does not include any amounts received for Returning Officer and Deputy Returning Officer roles at elections (costs for national, regional, local elections and referenda reimbursed by respective Government based on a nationally set payment formula) .

Note 3 : Remuneration includes amounts received for role as Deputy Clerk and then Clerk to the North Wales Fire and Rescue Authority (£7,883 2022/23 £6,122 2021/22), an arrangement under a service contract which has been in place for a number of years (costs reimbursed).

Note 4 : Employment start date 1st June 2021. Remuneration prior to 1st June 2021 relates to previous role.

Note 5 : Employment start date 4th July 2022. Role vacant 1st November 2021 - 3rd July 2022.

Note 6 : New role created 1st March 2022. Remuneration disclosed in 2021/22 relates to previous role.

The Accounts and Audit (Wales) Regulations 2014 (as amended) also require disclosure of the ratio of remuneration between the Chief Executive and the median full time equivalent earner (£22,786); for 2022/23 this was 1:5.95 (for 2021/22 this was 1:6.41).

Exit Packages

The Council is required to disclose (in £20,000 bandings up to £100,000 with £50,000 bandings thereafter) the number of exit packages agreed and the cost of the packages to the Council in the financial year. Exit costs which the Council was committed to incurring at the 31st March 2023, but paid after this date, are also included in the disclosure for 2022/23. Information is included for all maintained schools including Voluntary Aided and Foundation Schools.

The totals disclosed are made up of payments made to the individual and any payments made by the Council to the pension fund when an employee retires early without actuarial reduction in pension in accordance with the Council's Discretionary Compensation Policy.

Exit Package Cost Band	Compulsory Redundancies		Other Departures Agreed		Total Exit Packages by Cost Band		Total Exit Packages in Each Band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	29	4	0	0	29	4	40,080	40,934
£20,001 - £40,000	2	1	0	1	2	2	53,738	45,331
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	1	0	0	0	1	0	164,229
	31	6	0	1	31	7	93,818	250,494

NOTES TO THE CORE FINANCIAL STATEMENTS

27. MEMBERS' ALLOWANCES

The Council paid the following allowances and expenses to Members during the year:

	2022/23	2021/22
	£000	£000
Salaries	1,711	1,414
Members' expenses	48	26
	1,759	1,440

28. RELATED PARTIES

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

Welsh and Central Government

WG exerts significant influence through legislation and grant funding – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties such as council tax bills and housing benefits. Grants received from Welsh and other Government departments are set out in Notes 6 and 18.

Members

Members of the Council have direct control over the Council's financial and operating policies.

The total amount of members' allowances paid are shown in Note 27. The Council appoints Members to some external charitable and voluntary bodies, or Members have disclosed a link to organisations, public bodies and authorities. The total transactions with bodies under this heading are as follows:

	2022/23	2021/22
	£000	£000
Payments	4,458	7,664
Receipts	121	3
Amounts owed by the Council	4	36
Amounts owed to the Council	6	180

Transactions greater than £0.100m are shown below:

No of Members declaring an interest

		Interest	Paid		Owed by the Council		Owed to the Council	
			2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
2022/23	2021/22		£000	£000	£000	£000	£000	£000
0	1	Wales and West Housing Association	0	2,076	0	0	0	0
0	1	Clwyd Alyn Housing Association/Pennaf	0	4,390	0	0	0	174
2	1	Domestic Abuse Safety Unit	337	297	0	0	0	0
1	2	Citizens Advice Bureau (CAB)	488	459	0	0	0	0
1	2	Welsh Border Community Transport (WBCT)	190	166	0	0	0	0
0	1	Flintshire Local Voluntary Council (FLVC)	0	198	0	0	0	0
5	3	Theatr Clwyd	3,372	2,358	0	414	118	692

NOTES TO THE CORE FINANCIAL STATEMENTS

Members have declared an interest or relationship in companies or businesses which may have had dealings with the Council. The total payments made to companies under this heading are as follows:

	2022/23	2021/22
	£000	£000
Payments	167	283
Receipts	8	8
Amounts owed by the Council	3	8
Amounts owed to the Council	1	0

Transactions greater than £0.100m are shown below:

No of Members declaring an interest			Paid	
2022/23	2021/22	Interest	2022/23	2021/22
			£000	£000
1	1	Design and print company	118	154

The personal interests of all Members are recorded in the Public Register of Members' Interests, in accordance with the law and the Council's Code of Conduct. The register is available on the Council's website.

Officers

Senior Officer Remuneration is shown in Note 26. Senior Officers have declared, as required and where appropriate, an interest or relationship in companies, voluntary, charitable, or public bodies which receive payments from the Council. The only declaration requiring inclusion is included in 'Community Asset Transfer (CAT)' below.

All declarations by Senior Officers are supported by entries in the register of interests for Senior Officers, which enables the Council to take appropriate steps to manage the interests.

Community Asset Transfer (CAT)

A number of Members and Senior Officers have an interest in local community groups involved in the Council's CAT scheme. The scheme involves leasehold transfer (at nominal value) of specific Council assets to organisations with a social purpose who plan to use the assets for the benefit of the local community. The assets have remained on the Council's Balance Sheet and have a combined net book value of £14.143m (£10.476m in 2021/22).

In some circumstances the Council has, or plans to, issue capital grants for any necessary capital works. Transactions with these groups are:

	2022/23	2021/22
	£000	£000
Grants awarded	305	335
Payments	67	48
Amounts owed by the Council	5	4
Amounts owed to the Council	3	3

NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions greater than £0.100m are shown below:

No of Senior Officers declaring an interest		Interest	Grants paid		Other payments		Owed by the Council	
2022/23	2021/22		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
			£000	£000	£000	£000	£000	£000
1	1	Married to a director of Cambrian Aquatics	71	152	20	11	3	4

Associated Companies

The Council has two wholly owned subsidiaries, NEW Homes and Newydd Catering and Cleaning Ltd. These are companies limited by shares and are included in the Council's group accounting boundary. NEW Homes has a loan facility with the Council, and as at 31st March 2023 this amounted to £13.451m (£13.645m at 31st March 2022).

Other transactions with associated companies are:

	2022/23	2021/22
	£000	£000
Payments	7,393	7,243
Receipts	229	427
Amounts owed by the Council	196	182
Amounts owed to the Council	227	194

Clwyd Pension Fund

The Council is the administering authority for the Clwyd Pension Fund. Details of transactions with the Clwyd Pension Fund can be found within the Clwyd Pension Fund accounts which are available at www.clwydpensionfund.org.uk

North Wales Police and Crime Commissioner, North Wales Fire Authority and Community / Town Councils

Police and Crime Commissioners and Fire and Rescue Authorities set their own charges to council tax payers which are then included in the council tax bill – these charges are known as the precept. Total precepts paid to the Office of the North Wales Police and Crime Commissioner amounted to £20.653m (£19.869m in 2021/22).

Total levies paid to the North Wales Fire and Rescue Authority amounted to £8.814m (£8.282m in 2021/22).

Total precepts including cemetery precepts paid to the 34 community/town councils amounted to £3.205m (£3.122m in 2021/22).

Other transactions with these bodies are:

	North Wales Police and Crime Commissioner		North Wales Fire Authority		Community Councils	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000	£000	£000
Payments	24	24	348	34	23	75
Receipts	331	216	46	21	514	508
Amounts owed to the Council	56	22	0	0	132	98

NOTES TO THE CORE FINANCIAL STATEMENTS

Betsi Cadwaladr University Local Health Board (related healthcare activities)

	2022/23	2021/22
	£000	£000
Payments	1,423	851
Receipts	11,570	14,787
Amounts owed by the Council	1,380	1,761
Amounts owed to the Council	5,439	5,859

Welsh Joint Education Committee

	2022/23	2021/22
	£000	£000
Payments	224	380
Amounts owed by the Council	325	347

Welsh Local Government Association

	2022/23	2021/22
	£000	£000
Payments	151	124
Receipts	623	1,372
Amounts owed by the Council	0	5
Amounts owed to the Council	38	2

29. AUDIT FEES

External audit services were provided by Audit Wales.

	2022/23	2021/22
	£000	£000
Fees for the Statement of Accounts	234	204
Fees for Performance Audit Work	104	104
Fees for grants	38	37
	376	345

NOTES TO THE CORE FINANCIAL STATEMENTS

30. NATIONAL HEALTH SERVICES (WALES) ACT 2006

The Council has an agreement with Wrexham County Borough Council and the Betsi Cadwaladr University Health Board, pursuant to Section 33 of the National Health Service (Wales) Act 2006, for the provision of an integrated community equipment service under a pooled fund arrangement. The service is provided through staff of Flintshire County Council (as host partner) from Unit 3, Hawarden Industrial Park, Hawarden, Flintshire.

	2022/23	2021/22
Partnership	£000	£000
Gross expenditure	1,266	1,295
Gross income	(1,301)	(1,251)
(Surplus) / deficit for year	(35)	44

Contribution to Budget

Flintshire County Council	318	306
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Unit 3 is jointly owned by Flintshire County Council (50.25%) and Wrexham County Borough Council (49.75%). The premises are included in Flintshire County Council's Balance Sheet:-

	Gross £000	Net £000	%
Flintshire County Council	572	554	50.25
Wrexham County Borough Council	567	548	49.75
	1,139	1,102	100.00

31. POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2019. Denbighshire County Council is host authority. The transactions for Flintshire County Council only are included in the Social Services line of the CIES.

	2022/23	2021/22
	£000	£000
Care Homes for Older People		
Expenditure		
Care home costs	111,032	98,982
	111,032	98,982
Funding		
Denbighshire County Council	(10,236)	(9,340)
Conwy County Borough Council	(15,864)	(14,221)
Flintshire County Council	(10,556)	(10,095)
Wrexham County Borough Council	(14,434)	(15,317)
Gwynedd County Council	(11,214)	(9,143)
Isle of Anglesey County Council	(5,708)	(5,209)
Betsi Cadwaladr University Health Board	(43,020)	(35,657)
	(111,032)	(98,982)
(Surplus) / Deficit transferred to Reserve	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

32. AGENCY SERVICES

Flintshire County Council is one of eight partners within the North and Mid Wales Trunk Road Agency (NMWTRA), the other partners being Anglesey, Conwy, Denbighshire, Gwynedd, Wrexham, Powys and Ceredigion Councils. The Streetscene & Transportation portfolio within Flintshire County Council undertakes trunk road work on behalf of NMWTRA for the Welsh Government. Reimbursement for work carried out under the Trunk Road Agency Agreement amounted to £4.052m (£3.063m in 2021/22).

WG has provided funding to Welsh councils to provide recyclable loans under the Houses into Homes Schemes for the repair of properties which have been long term vacant, with the aim of bringing them back into use. They are treated as agency arrangements in the Council's Statement of Accounts. The first tranche of funding was given in perpetuity to the Council. Funding has also been provided relating to Home Improvement and Empty Properties Loans for works in making residential properties safe, warm and/or secure, with the funding to be returned between 7 and 12 years' time. Additional funding has also been received to support town centre regeneration in Flintshire. This funding is to be returned in 13 years' time.

	Loans Issued		Repaid	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Houses into Homes - 1st Tranche	0	5	25	250
Home Improvement and Empty Properties Loans	361	233	119	65
Town Centre Regeneration	0	0	0	0

Flintshire County Council acts as agents on behalf of companies collecting water and sewerage charges from tenants living in Council owned dwellings. Flintshire County Council also collects household contents insurance, for tenants' belongings if they wish. The Council is also an agent for collecting heating charges from tenants living in Council owned communal buildings.

Charges	Collected	Collected
	2022/23	2021/22
	£000	£000
Water and Sewerage	2,987	2,923
Household Contents Insurance	63	66
Heating	115	120

The Council acted as agent on behalf of the North Wales region for the following grants. The portion of each grant relating to Flintshire County Council and included in the Council's CIES is also shown. £16.128m of funding for the Bus Emergency Scheme was carried forward from 2021/22 as a receipt in advance. £5.150m of this funding was unspent and has been carried forward in the Council's Balance Sheet as a receipt in advance.

Grant title	Description	Funding received		FCC share		Admin fee received	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
		£000	£000	£000	£000	£000	£000
Bus Services Support Grant	Support for bus and community transport services.	6,102	6,150	558	558	48	47
Bus Emergency Scheme	To keep local bus operators afloat by lost revenue due to the COVID-19 pandemic.	0	14,294	994	388	100	18
Test, Trace, Protect	Ensure people can be tested quickly for COVID-19 and tracing of recent contact of anyone who tests positive.	3,011	8,664	1,436	2,154	62	134

NOTES TO THE CORE FINANCIAL STATEMENTS

Flintshire County Council also acts as an agent on behalf of Welsh and other Government departments in receiving and distributing various grants. These are summarised in the table below:

Grant title	Description	Funding received		Admin fee received	
		2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Childcare Offer Grant	Funding to provide free childcare for working parents of 3-4 year olds. Administered on behalf of Flintshire , Wrexham and Denbighshire.	9,639	8,767	337	292
Coronavirus Childcare Assistance Scheme	Funding to provide pre-school childcare support for critical workers and vulnerable children during the COVID-19 pandemic. Administered on behalf of Flintshire, Wrexham and Denbighshire.	0	781	0	0
Financial Recognition of Social Care Worker Scheme	£1,498 (£735 2021/22) payment to care workers employed in eligible roles.	5,462	4,084	1	2
Funding to support care homes with enhanced testing	Funding to care homes to support physical adaptations and staff time required for enhanced COVID-19 testing.	0	272	0	0
Statutory Sick Pay (SSP) enhancement scheme	Top-up of SSP to full pay for care workers when they can't work due to COVID-19.	154	207	0	0
Self-Isolation Support Payment Scheme	£500/£750 payment to individuals who are self-isolating as a result of exposure / potential exposure to COVID-19.	396	1,624	100	72
Business Support Grants - various	Grants to support businesses during lockdown closures – amount based on rateable value.	0	3,648	0	197
Business Support Cultural Recovery Fund – Freelancer Support	£2,500 grants available to support freelancers in the cultural sector affected by COVID-19.	0	68	0	0
Economic Resilience Fund	Provided financial assistance to businesses that faced operational and financial challenges caused by the COVID-19 restrictions. The fund supported businesses with cash flow to help them survive the economic consequences of the restrictions put in place.	0	763	0	20
Income loss	Income loss claimed on behalf of Cambrian Aquatics, Aura Leisure & Libraries, NEWydd Catering & Cleaning Ltd, Holywell Leisure Centre and the Music Service.	90	1,657	0	0
Winter Fuel	£200 (£100 2021/22) payment to eligible households to provide support towards paying their on-grid winter fuel bills.	3,095	1,323	60	126
Cost of Living Support Scheme	Funding to support households across Wales facing an unprecedented cost-of-living crisis, fuelled by soaring energy bills and household living costs.	6,871	0	233	0
Financial Support for Unpaid Carers	Payments to unpaid carers in receipt of Carers Allowance.	848	0	21	0
Energy Bills Support Scheme - Alternative Funding	Funding to provide support to households not eligible for the automatic Energy Bills Support Scheme (£400 payment paid by energy suppliers).	552	0	0	0

NOTES TO THE CORE FINANCIAL STATEMENT

Grant title	Description	Funding received		Admin fee received	
		2022/23	2021/22	2022/23	2021/22
		£000	£000	£000	£000
Alternative Fuel Payment - Alternative Fund	Funding to provide payments to households who use alternative fuel and who do not have a direct relationship with an electricity supplier to receive payment through the main scheme.	285	0	0	0
Ukraine Response Scheme - £200 emergency support payments & £350 host support payments	£200 payment per Ukrainian arrival and £350 per Ukrainian host per month.	148	0	0	0

The Council spent £0.006m in 2022/23 of the £1.295m carried forward funding from 2021/22 for Business Support Grants. The remaining balance was repaid to WG.

£0.003m of the funding received for the Cost of Living Support Scheme, £0.552m of the funding received for the Energy Bills Support Scheme-Alternative Funding and £0.285m of the funding received for the Alternative Fuel Payment-Alternative Fund were unspent and have been carried forward in the Council's Balance Sheet as receipts in advance.

The Council also granted 50% (100% 2021/22) NDR rate relief to businesses in the retail, leisure and hospitality sectors. This rate relief was funded by Welsh Government and the Council's receipt from the NDR pool was not impacted. The Council's total receipt from the NDR pool was £55.650m (£51.318m in 2021/22). £3.055m (£14.532m 2021/22) was reimbursed to the Council for this rate relief. The Council also received £0.014m (£0.015m 2021/22) from WG for administering this relief.

33. OTHER FUNDS ADMINISTERED BY THE COUNCIL

In the Social Services portfolio the Social Services for Adults Section maintain individual bank accounts for service users living in the community who are unable to manage their own financial affairs; individual members of the Deputyship team are approved to act as corporate appointee with the Department for Work and Pensions for each service user. The total amount held by the Council at 31st March 2023 was £6.588m in 382 separate accounts (£5.997m in 365 accounts in 2021/22).

The Social Services for Adults Section also manage bank accounts in relation to Supported Living Properties where service users live. The bank accounts are used to receipt housing benefit and any payments in relation to the property are paid from this bank account i.e. rent and utilities. The total amount held in these 46 accounts as at 31st March 2023 was £0.530m (£0.436m in 2021/22).

34. CONTINGENT LIABILITIES

In accordance with the provisions of Part 2A of the Environmental Protection Act 1990 and the Council's Contaminated Land Inspection Strategy, sites within the county will be considered and the condition of each assessed in due course. The assessments may conclude that liability for carrying out some or all of any necessary remediation works will be the Council's responsibility.

The Council recognises that any future payments made by Municipal Mutual Insurance (MMI) will be made at the reduced rate of 75% and has created an earmarked reserve to fund that part of the remaining 25% that the Council in any future claim settled will need to fund. The projection of future claims is uncertain because of the latent nature of many of the claims that MMI is still receiving. The levy is subject to review at least once every 12 months by the scheme administrator.

NOTES TO THE CORE FINANCIAL STATEMENT

Flintshire is the legislative successor body in respect of all abuse claims relating to the former Clwyd County Council. A number of claims continue to be brought by former children in care or accessing youth services. In some cases the Council's insurers were not on cover and so the Council may need to fund any such claim that is successful.

The Council has set up various alternative service delivery models which has involved the transfer of Council employees to the new service providers. The Council has given pension guarantees to Newydd Catering and Cleaning Ltd, Aura Leisure and Libraries Ltd, Holywell Leisure Centre and the Theatr Clwyd Trust. These guarantees mean that if these bodies are unable to meet their pension obligations at a future point in time then the Council will assume responsibility for them.

A small number of Council tenants are claiming against the Council for housing disrepair. Based on the outcome of the cases the Council could have to pay all, some or none of the claims.

At any point in time the Council and its insurers will be responding to a number of insurance claims. The Council may have to pay all, some or none of these claims. The Council has an earmarked reserve set aside to fund these costs as they fall due for payment.

An appeal has been made to the Council in relation to a noise abatement notice. The case will be heard in the next financial year and as a result the Council may have to pay all, some or none of the claim.

The Council is assessing the outcome and likely implications of a recent Supreme Court Judgement 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.

35. CONTINGENT ASSETS

Section 106 of the Town and Country Planning Act 1990 allows legal agreements as part of planning approval that commits the developer to undertake works or in-kind contributions towards a variety of infrastructure or services. An affordable housing scheme called 'Shared Equity' is one such commitment, the developer makes a number of properties available for purchase by those on the affordable housing register at 70% of the market value. The remaining 30% share in the properties is transferred to the Council in the form of a legal charge against the property. At any point in the future the homeowner can redeem the Council's 30% share, or sell the property. The first call is a sale to others on the affordable housing register. If after a set period the property does not sell it can be sold on the open market. It is probable that the Council will benefit in the form of capital receipts in the future from these agreements, however the receipt must be used for the provision of affordable housing.

36. CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE

In preparing the Statement of Accounts, the Council has had to make judgements, estimates and assumptions for certain items that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, current trends and other relevant factors that are considered to be reasonable and are used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. However, because these cannot be determined with certainty, actual results could be materially different from those assumptions and estimates made.

NOTES TO THE CORE FINANCIAL STATEMENTS

The significant accounting estimates within the Statement of Accounts relate to non-current assets and the impairment of financial assets. Estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates that result from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities, are reflected in adjustments of the carrying amount of an asset or a liability, or the rate of consumption of an asset. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements made by the Council which have a significant effect on the financial statements are:

- Future levels of Government funding and levels of reserves – there is a high degree of uncertainty about future levels of funding for local authorities, in particular, the receipt of specific revenue and capital grants. The Council has set aside amounts in provisions, working balances and reserves which it believes are appropriate based on local circumstances, including: its overall budget size, risks, robustness of budget estimates, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management.
- Provisions – the Council is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability. The Council also exercises judgement in calculating the level of provisions; they are measured at the Council's best estimate of the costs required to settle the obligation at the Balance Sheet date.
- Investment Properties – the Council classifies investment properties in accordance with the requirements of the Code of Practice, as being assets that are held solely for rental income or capital appreciation. Assessment of such properties involves exercising judgement, which could be subject to a difference in interpretation.
- Asset Valuations – the Council values its Housing Stock by estimating the 'Existing Use Value – Social Housing'. The valuation methodology applied is the Adjusted Vacant Possession Value (known as the Beacon Approach). There is currently no guidance in Wales that specifically defines the components within the methodology, some of which rely on professional judgements particular to local circumstances.

The approach values the asset based on the fair value (market value) assuming 'vacant possession' of the asset which is then adjusted to reflect the asset's use for social housing with a sitting tenant. The underlying principles of this approach are:

- A representative asset is normally used as the basis for valuing a set of similar assets.
 - The asset's fair value (market value) is determined from sales evidence relating to comparable properties. This provides a 'vacant possession' value.
 - The market value is adjusted by a factor to reflect the difference between private sector rents / yields and social housing rents / yields. This is intended to reflect the differential cash flows that would arise between the two types of landlord given that there is a sitting tenant in the property and that any development value is to be ignored as continuation of the existing use is assumed.
- Accounting for arrangements containing a lease (embedded leases) – during 2016/17 the Council entered into an arrangement where supply and maintenance of all vehicles, along with fleet management, would be undertaken by Essential Fleet Services (EFS). The Council has reviewed the appropriate accounting guidance, sought professional advice, and concluded that this arrangement contains embedded operating leases.
 - CATs – involve leasehold transfer (at nominal value) of specific Council assets to organisations with a social purpose who plan to use the assets for the benefit of the local community. The lease agreements have been considered; whilst operational risk and reward transfers to the community group, the Council's view is that the risk and reward of ownership remains with the Council and therefore the value of the assets have remained on the Council's Balance Sheet.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Theatr Clwyd and Leisure and Libraries property leases – involve leasehold transfer of specific Council assets to charitable, not-for-profit, organisations which are responsible for managing Theatr Clwyd and the majority of leisure centres and libraries previously operated directly by the Council. The lease agreements have been considered; whilst operational risk and reward transfers to the charitable organisation, the Council's view is that the risk and reward of ownership remains with the Council and therefore the value of the assets have remained on the Council's Balance Sheet. The classification of the assets have also remained consistent with prior years' treatment. They are recognised as operational property, plant and equipment, which aligns with the classification most suitable to the use of the assets when compared to other definitions of assets such as surplus or investment assets.

The key sources of estimation uncertainty identified by the Council which have a significant effect on the financial statements are:

- Retirement benefit obligations – the Council recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 "Employee Benefits". The estimation of the net pension liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Changes in these assumptions can have a significant effect on the value of the Council's retirement benefit obligation. Further detail assessing the sensitivities of estimates can be found in Note 43.
- Impairment of financial assets – the Council provides for the impairment of its receivables based on the age, type and recoverability of each debt. A reasonable estimate of impairment for doubtful debts and expected credit losses is provided for within the Council's accounts at the Balance Sheet date, however in the current economic climate it is not certain that such an allowance would be sufficient.
- Property, plant and equipment – assets are depreciated over their useful life and reflect such matters as the level of repairs and maintenance that will be incurred in relation to individual types of asset, cost of replacement and, assuming prudent maintenance, an estimate of the unexpired useful life of the asset.
- Valuation techniques are used to determine the fair value of surplus assets, assets held for sale and investment properties. This involves developing estimates and assumptions consistent with how market participants would value such assets. As far as possible, assumptions are based on observable data. If observable data is not available the best information available is used. Thus, estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.
- COVID-19, Britain leaving the European Union and Russian invasion of Ukraine – these continue to create uncertainty in the valuation of the Council's assets and pension liability in the Council's Balance Sheet due to volatility in financial markets, uncertainty in the economic outlook, supply chain disruption and higher energy prices. Currently there is no evidence to indicate that the assets of the Council are impaired or that the discount rate used to calculate the pension liability needs amending. This will be regularly reviewed. Further detail of the impact on the pension valuation can be found in Note 43.

NOTES TO THE CORE FINANCIAL STATEMENTS

37. PROVISION FOR REPAYMENT OF EXTERNAL LOANS

Section 22 of the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 requires the Council to set aside a minimum revenue provision (MRP) in respect of the financing of capital expenditure incurred in that year or in any financial year prior to that year.

	2022/23 £000	2021/22 £000
Council Fund	4,436	4,434
HRA	1,610	1,559
Set aside from Capital Receipts	195	185
	6,241	6,178

38. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Council's capital financing requirement as at 31st March 2023 was £355.311m (£352.570m as at 31st March 2022).

	2022/23 £000	2021/22 £000
Capital Investment		
Property, plant and equipment	49,992	62,901
Investment properties	71	41
REFCUS	4,950	4,965
	55,013	67,907
Sources of Finance		
Capital receipts	(1,428)	0
Capital grants and contributions	(30,344)	(42,476)
Capital reserves / Capital Expenditure from Revenue Account (CERA)	(14,261)	(18,385)
	(46,032)	(60,861)
Increase/(decrease) in capital financing requirement	8,981	7,046
Increase in supported borrowing	4,022	4,040
Increase in other (unsupported) borrowing	4,959	3,006
	8,981	7,046

NOTES TO THE CORE FINANCIAL STATEMENTS

39. FUTURE CAPITAL COMMITMENTS

As at 31st March 2023, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years. The major commitments, in excess of £1.000m, are shown below:

Contract Details	Contract Sum £000	Payments to 31 March 2023 £000	Balance Outstanding £000
Council Fund			
Theatr Clwyd Redevelopment	37,800	1,936	35,864
Provision of Early Years Childcare Facilities	7,118	6,745	373
B5129 - Shotton Bus Lanes Scheme	3,735	15	3,720
	<u>48,653</u>	<u>8,696</u>	<u>39,957</u>
HRA			
Strategic Housing and Regeneration Programme (SHARP)			
- Ffordd Hiraethog & Ffordd Pandarus, Mostyn	4,958	4,496	462
	<u>4,958</u>	<u>4,496</u>	<u>462</u>
	<u>53,611</u>	<u>13,192</u>	<u>40,419</u>

Further to the commitments listed in the table above, the Council has the strategic aim of meeting the Welsh Government target for all social housing to be maintained to the Welsh Housing Quality Standard (WHQS). The Council's in-year programmed WHQS work schemes in line with the Housing Asset Management Strategy have been tendered and have agreed price schedules with contractors. The Council is under no commitment to refurbish any number of houses contractually.

40. LEASING

Lessee Rentals

Finance Leases

The Council has acquired a number of items of vehicles, plant and equipment under finance leases. The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the net amount of £2.048m (£2.594m 2021/22).

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property, plant and equipment acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2023 £000	Repaid £000	New £000	31 March 2022 £000
Finance lease liabilities (net present value of the minimum lease payments):				
Current	621	30	0	591
Non-current	2,128	(620)	0	2,748
	<u>2,749</u>	<u>(590)</u>	<u>0</u>	<u>3,339</u>
Finance costs payable in future years	525	(274)	0	799
Minimum lease payments	<u>3,274</u>	<u>(864)</u>	<u>0</u>	<u>4,138</u>

Minimum lease payments - the lowest amount that a lessee can expect to pay on a lease over its lifetime

Finance lease liabilities - the capital element of the minimum lease payments

Finance costs - the interest element of the minimum lease payments

NOTES TO THE CORE FINANCIAL STATEMENTS

The minimum lease payments and finance lease liabilities will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Not later than one year	841	864	621	591
Later than one year and not later than five years	2,433	3,169	2,128	2,645
Later than five years	0	105	0	103
	<u>3,274</u>	<u>4,138</u>	<u>2,749</u>	<u>3,339</u>

Operating Leases

Operating lease rentals paid are detailed below:

Asset Classification	2022/23	2021/22
	£000	£000
Land	65	67
Buildings	174	159
EFS Fleet Contract	3,020	3,025
Vehicles, plant and equipment	515	565
	<u>3,774</u>	<u>3,816</u>

The minimum lease payments due under operating leases in future years are:

	Land	Buildings	EFS Fleet Contract	Vehicles, Plant & Equipment	Total
	£000	£000	£000	£000	£000
Not later than one year	40	143	1,539	412	2,134
Later than one year and not later than five years	154	185	0	479	818
Later than five years *	1,167	848	0	101	2,116
	<u>1,361</u>	<u>1,176</u>	<u>1,539</u>	<u>992</u>	<u>5,068</u>

* Any open ended agreements are calculated to 2034/35 in line with the general average life of the longest leases

During 2016/17 the Council entered into an arrangement where supply and maintenance of all vehicles, along with fleet management, would be undertaken by EFS. This arrangement is considered to contain embedded leases, therefore payments to EFS are included in the figures above. It is not considered practical to split the payments into lease elements and non-lease elements, therefore the total payments are shown. The figures are adjusted to reflect the fact under this arrangement EFS are reimbursing the Council for existing vehicle leases until their expiry.

NOTES TO THE CORE FINANCIAL STATEMENTS

Lessor rentals

Operating leases

The Council leases out land and property under operating leases. In 2022/23, lease rentals receivable amounted to £2.453m (£2.467m in 2021/22).

The minimum lease payments receivable under operating leases in future years are:

	Land	Buildings	Total
	£000	£000	£000
Not later than one year	390	1,995	2,385
Later than one year and not later than five years	1,787	7,583	9,370
Later than five years *	26,679	13,322	40,001
	<u>28,856</u>	<u>22,900</u>	<u>51,756</u>

* Any open ended agreements are calculated to 2034/35 in line with the general average life of the longest leases

Finance leases

The Council does not lease out any properties on finance leases.

41. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 has introduced the following changes, amendments and interpretations to existing standards. They are mandatory for the Council's accounting periods beginning on or after 1st April 2023 or later periods and may require changes to accounting policies in next year's accounts, but the Council has chosen not to adopt them early.

- IFRS 16 (Leases) – will be mandatory for accounting periods beginning on or after 1st April 2024. The Council has decided not to adopt IFRS 16 in the 2023/24 year and therefore no disclosure is required in the 2022/23 financial statements.
- IAS 8 (Definition of Accounting Estimates) – Amendments to IAS 8 issued in February 2021
- IAS 1 (Disclosure of Accounting Policies) – Amendments to IAS 1 and IFRS Practice Statement 2
- IAS 12 (Income Taxes) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- IFRS 3 (Business Combinations) – Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These changes are not expected to have a material impact on the Council's financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

42. FINANCIAL INSTRUMENTS

Financial instruments included in the Balance Sheet are made up of the following financial liabilities and assets:

Short term creditors (Note 17) includes a further £21.343m (£33.181m in 2021/22) that does not meet the definition required for inclusion as a financial instrument. No long-term creditors meet the definition required for inclusion as a financial instrument.

Short term debtors (Note 13) includes a further £64.865m (£56.141m in 2021/22) that does not meet the definition required for inclusion as a financial instrument.

	Long-term		Current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Financial liabilities at amortised cost				
Principal	290,202	289,517	17,002	15,158
Accrued interest	0	0	2,906	2,878
Borrowing	290,202	289,517	19,908	18,036
Cash overdrawn	0	0	2,427	2,138
Cash & cash equivalents	0	0	2,427	2,138
Finance leases	2,128	2,748	621	591
Deferred liabilities	2,128	2,748	621	591
Trade payables	0	0	36,566	29,841
Within creditors	0	0	36,566	29,841
Total financial liabilities*	292,330	292,265	59,522	50,606

*The total disclosed for financial liabilities in the 2021/22 statement of accounts was £293.222m (long term) and £50.651m (current). This included a Landfill Aftercare Provision of £0.957m (long term) and £0.045m (current). This was misstated as a Financial Instrument.

Financial assets at amortised cost				
Principal	3,659	3,730	5,000	5,000
Accrued interest	0	0	54	1
Investments	3,659	3,730	5,054	5,001
Cash & cash equivalents	0	0	29,816	45,651
Accrued interest	0	0	218	144
Cash & cash equivalents	0	0	30,034	45,795
Trade receivables	49	48	15,293	15,268
Loans	11,950	12,002	0	0
Within debtors	11,999	12,050	15,293	15,268
Total financial assets	15,658	15,780	50,381	66,064

NOTES TO THE CORE FINANCIAL STATEMENTS

Within the cash and cash equivalent line on the Balance Sheet financial assets and liabilities are offset:-

	31 March 2023	31 March 2022
	Net	Net
	Total	Total
	£000	£000
Financial assets - bank accounts in credit	30,034	45,795
Financial liabilities - cash overdraft	(2,427)	(2,138)
Net position reported on Balance Sheet	27,607	43,657

Material Soft Loans

Soft loans are those advanced at below market rates in support of the Council's service priorities. The loans to NEW Homes to build affordable homes for rent in Flintshire are deemed to be material soft loans. Movements in material soft loan balances during the year are:

	2022/23	2021/22
	£000	£000
Opening carrying amount of soft loans	10,259	9,893
New loans made in year	0	582
Fair value adjustment on initial recognition	0	(138)
Interest accrued	(2)	5
Amounts repaid	(128)	(185)
Movement in discounted amount	102	102
	10,231	10,259

Soft loans have been valued by discounting the contractual payments at the estimated market rate of interest for a similar loan. The market interest rate has been derived using the European Commission's State Aid guidance.

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

	2022/23		2021/22	
	Financial	Financial	Financial	Financial
	Liabilities	Assets	Liabilities	Assets
	Measured at Amortised Cost		Measured at Amortised Cost	
	£000	£000	£000	£000
Interest expense	(13,592)	0	(13,674)	0
Interest payable and similar charges	(13,592)	0	(13,674)	0
Interest income	0	1,415	0	550
Interest and investment income	0	1,415	0	550
Net gain/(loss) for the year	(13,592)	1,415	(13,674)	550

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair value of assets and liabilities carried at amortised cost

Financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Fair values of financial liabilities in the table below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of finance lease liabilities have been calculated by discounting the contractual cash flows at the appropriate AA-rated corporate bond yield.
- No early repayment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

The fair values are calculated as follows, the fair value hierarchy is explained within the Council’s Accounting Policies.

	Fair Value Level	31 March 2023		31 March 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Financial liabilities					
PWLB	2	271,540	260,929	270,910	339,304
LOBOs	2	18,950	20,552	18,950	24,992
Lease payables	3	2,748	2,894	3,339	3,864
		<u>293,238</u>	<u>284,375</u>	<u>293,199</u>	<u>368,160</u>
Financial assets					
Certificates of deposits	2	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The PWLB fair value is higher than the carrying amount because the Council’s portfolio of loans includes a number of fixed loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans. The same is the case for LOBOs, with the interest rates higher than the PWLB rates available at the balance sheet date, resulting in a higher fair value.

The Council is in receipt of Loans from the Salix Energy Efficiency scheme delivered by WG in partnership with Salix Finance and The Carbon Trust to provide interest free loans. The Council does not account for these loans as soft loans because the fair value adjustment is not material. This approach has also been taken for other WG loans.

NOTES TO THE CORE FINANCIAL STATEMENTS

Disclosure of nature and extent of risks arising from financial instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

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

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by Flintshire County Council in the Policy Statement and Strategy. Flintshire provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Risk – liabilities

The Council has raised long term finance by either borrowing from the PWLB or the market via LOBOs.

- PWLB - this debt is fixed rate, hence there is interest rate risk. If rates fall in the future, the Council will be paying higher than the current market rate, however, it is considered more beneficial to have budget certainty on future payments of interest in a low interest rate environment. There was an option in the 2022/23 Treasury Management Strategy to have £100.000m variable debt if deemed appropriate. Liquidity risk is managed through the debt maturity profile and a prudential indicator which does not allow any more than 20% of debt to reach maturity in any one year.
- LOBOs - All LOBOs have a fixed rate of interest for a period of between 12 and 23 months followed by a further fixed rate for the period of the loan, however the loan can be recalled by the lender after a certain fixed period of time. LOBOs are used because they have an interest rate lower than PWLB and this is balanced against the risks of rates rising and the loan having to be repaid which results in re-financing risk at a time of higher interest rates. The amount of LOBOs is restricted to £100.000m of long term borrowing.

NOTES TO THE CORE FINANCIAL STATEMENTS

Risk – loans and receivables

Long term investments -

- Investments of more than 1 year are referred to as non-specified investments because of the additional interest rate risk. There is a limit of £5.000m for long term investments and additional procedures for authorisation by the Corporate Finance Manager.
- Deposits with banks and building societies do carry some credit risk and this is managed by using three rating agencies. The Council uses the following criteria, and investments are made subject to the monetary and time limits shown.

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.

The analysis below shows the financial effect of a 1% rise and fall in interest rates based on net borrowing as at 31st March 2023.

Impact of 1% rate rise			Impact of 1% rate fall		
£000			£000		
Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
(152)	(124)	(77)	298	314	267

Other receivables

Customers are required to make arrangements to pay outstanding monies due to the Council, based on their ability to pay. Customers are requested to complete a financial assessment form and are required to confirm in writing the amount agreed and the start date of the arrangement, and to make the Council fully aware of any circumstances surrounding their ability to pay which they wish to be taken into account in making the assessment.

NOTES TO THE CORE FINANCIAL STATEMENTS

Loans to subsidiaries

The Council has committed to provide new affordable homes throughout the county to address the identified housing shortage. Loans have been granted to NEW Homes to build affordable homes for rent across the county at below market rates of interest. The loans will be repaid from rents. The Council wholly owns NEW Homes and exerts a high level of control over its activities with Cabinet required to approve its business plan each year. All property assets owned by NEW Homes are provided as security against the loans, at the balance sheet date the value of assets was higher than the value of the loans. All of which serves to mitigate the credit risk posed by NEW Homes failing to meet its obligations to repay the loans.

43. PENSIONS

Pensions – teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme a multi-employer defined benefit scheme, providing teachers with specified benefits upon their retirement. For accounting purposes it is treated as a defined contribution scheme as the Council is unable to identify its share of assets and liabilities with sufficient reliability. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate.

The Council contributes to the scheme by making contributions based on a percentage of teachers' pensionable salaries. In 2022/23 the Council paid £14.244m (£13.391m in 2021/22), which represents 23.68% (average) of teachers' pensionable pay (23.68% in 2021/22). The contributions due in 2023/24 are estimated to be £15.526m, 27.67% of teachers' pensionable pay.

The Council is not liable to the scheme for any other entities' obligations under the plan.

In addition, the Council is responsible for all pension payments relating to the award of discretionary post-retirement benefits on early retirements (also known as added years) it has awarded, together with the related increases, outside of the terms of the teachers' scheme. These are accounted for on a defined benefit basis as detailed in the following section.

Pensions - Other Employees

As part of the terms and conditions of employment of its officers the Council makes contributions towards the costs of post-employment benefits. Officers employed by the Council are members of the Local Government Pension Scheme (LGPS), the Clwyd Pension Fund, administered locally by Flintshire County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits awarded on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when payments are made. There are no plan assets built up to meet these pension liabilities.

The Clwyd Pension Fund is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Clwyd Pension Fund Committee. Policy is determined in accordance with the Pension Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Further information regarding the Clwyd Pension Fund accounts and the Clwyd Pension Fund Annual Report are available from www.clwydpensionfund.org.uk.

NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions relating to Retirement Benefits

The cost of retirement benefits is recognised in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The transactions that have been made in the CIES and the Movement in Reserves Statement during the year are:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
CIES				
Service Expenditure Analysis				
Current service cost	42,897	38,530	0	0
Past service cost/(gain)	37	20	0	0
Curtailments	107	250	0	0
Settlements	0	(2,571)	0	0
Other Operating Expenditure				
Administration expenses	827	769	0	0
Financing and Investment Income and Expenditure				
Net interest expense	8,628	7,810	1,086	859
Net charge to surplus / deficit on the provision of services	52,496	44,808	1,086	859
Other Comprehensive Income and Expenditure				
Remeasurement of the net defined benefit liability				
Return on plan assets	(66,432)	81,745	0	0
Actuarial gains and (losses) - experience gain or (loss)	(129,204)	(3,092)	(3,054)	(117)
Actuarial gains and (losses) - demographic assumptions	34,046	8,727	1,510	340
Actuarial gains and (losses) - financial assumptions	466,108	861	9,272	(143)
FCC's share of Other Comprehensive Income and Expenditure relating to NWEAB	44	25	0	0
Net charge to Other Comprehensive Income and Expenditure	304,562	88,266	7,728	80
Net charge to Comprehensive Income and Expenditure	357,058	133,074	8,814	939
Movement in Reserves Statement				
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(52,496)	(44,808)	(1,086)	(859)
Actual amount charged against the Council fund balance for pensions in the year				
Employers' contributions payable to scheme	23,579	22,146	2,856	2,921
FCC's share of NWEAB charged against the Council Fund balance in year	74	(143)	0	0
Net debit/(credit) to the Movement in Reserves Statement	(28,843)	(22,805)	1,770	2,062

NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions assets and liabilities in relation to retirement benefits recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Present value of liabilities		Fair value of assets		Net liability arising from defined benefit obligation	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Local Government Pension Scheme	(825,989)	(1,145,430)	778,979	822,818	(47,010)	(322,612)
Discretionary Benefits Arrangements	(30,713)	(40,210)	0	0	(30,713)	(40,210)
	(856,702)	(1,185,640)	778,979	822,818	(77,723)	(362,822)
					FCC's share of net liability relating to NWEAB	(118)
					(77,723)	(362,940)

The liabilities total reflects the underlying long-term commitments that the Council has in respect of retirement benefits due.

Reconciliation of present value of the scheme liabilities:-

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
1st April	1,145,430	1,117,797	40,210	42,352
Current service cost	42,897	38,530	0	0
Interest cost	31,745	23,118	1,086	859
Contributions by scheme participants	6,381	5,912	0	0
Actuarial (gains) and losses - experience gains or losses	129,204	3,092	3,054	117
Actuarial (gains) and losses - demographic assumptions	(34,046)	(8,727)	(1,510)	(340)
Actuarial (gains) and losses - financial assumptions	(466,108)	(861)	(9,272)	143
Benefits paid	(29,658)	(28,139)	(2,855)	(2,921)
Past service costs	37	20	0	0
Curtailments	107	250	0	0
Settlements	0	(5,562)	0	0
31st March	825,989	1,145,430	30,713	40,210

Reconciliation of fair value of the LGPS assets:

	2022/23	2021/22
	£000	£000
1st April	822,818	729,606
Interest income	23,117	15,308
Administration Expenses	(827)	(769)
Return on plan assets	(66,432)	81,745
Employer contributions	23,580	22,146
Contributions by scheme participants	6,381	5,912
Benefits paid	(29,658)	(28,139)
Settlements	0	(2,991)
31st March	778,979	822,818

NOTES TO THE CORE FINANCIAL STATEMENTS

The settlements figures detailed in the previous tables represent the transfer of staff from Flintshire County Council to Theatr Clwyd Trust.

The LGPS's assets consist of the following categories:-

	2022/23		2021/22	
	£000	£000	£000	£000
Equity investments:				
Global Quoted*	45,181		88,041	
Emerging Markets*	39,728		74,054	
		84,909		162,095
Bonds:				
Overseas Other	79,456		82,282	
LDI*	214,219		209,819	
		293,675		292,101
Property:				
UK*	41,286		41,141	
Overseas	6,232		8,228	
		47,518		49,369
Cash:				
Cash Instruments	34,275		26,330	
		34,275		26,330
Alternatives:				
Hedge Funds	56,086		53,483	
Private Equity	101,267		87,219	
Infrastructure	45,181		39,495	
Timber & Agriculture	3,895		4,114	
Private Credit	21,032		17,279	
DGF	91,141		91,333	
		318,602		292,923
		778,979		822,818

* Denotes classes of assets that have a quoted market price in an active market.

The scheme maintains positions in a variety of financial instruments which exposes it to a variety of financial risks including credit risk, counterparty risk, liquidity risk, market risk and exchange rate risk. Risk management procedures are annually reviewed and focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The current policy is to lower risk by diversifying investments across asset classes, investment regions and fund managers.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries; estimates for the Council are based on the latest full valuation of the scheme as at 31st March 2022. The significant assumptions used by the actuary are:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23	2021/22	2022/23	2021/22
Mortality Assumptions				
Longevity at 65 for current pensioners -				
Men	21.4yrs	22.5yrs	21.4yrs	22.5yrs
Women	23.8yrs	24.9yrs	23.8yrs	24.9yrs
Longevity at 65 for future pensioners -				
Men	22.9yrs	24.0yrs	n/a	n/a
Women	25.6yrs	26.9yrs	n/a	n/a
Rate of inflation (Consumer Prices Index)	2.7%	3.4%	2.7%	3.5%
Rate of increase in salaries	4.0%	4.7%	n/a	n/a
Rate of increase in pensions	2.8%	3.5%	2.8%	3.6%
Rate for discounting scheme liabilities	4.8%	2.8%	4.9%	2.8%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis shows the effect on the net liability by altering relevant assumptions, whilst assuming that all other variables remain the same. This approach is not necessarily realistic, since some assumptions are related; for example, if the scenario is to show the effect of higher than expected inflation, it might be reasonable to expect that nominal yields on corporate bonds will be higher too. However, the analysis isolates one effect from another.

	£000
Net liability arising from defined benefit obligation	(77,723)
<u>Illustration of net liability -changes in actuarial assumption/investment return</u>	
Longevity (increase in 1 year)	(95,718)
Rate of inflation (increase by 0.25%)	(113,419)
Rate of increase in salaries (increase by 0.25%)	(70,745)
Discount Rate (increase by 0.5%)	(11,608)
Change in 22/23 Investment Returns (increase by 1%)	(57,475)
Change in 22/23 Investment Returns (decrease by 1%)	(73,111)

Impact on cash flows

Regulations governing the scheme require actuarial valuation to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the scheme's solvency, and the detailed provisions are set out in the Clwyd Pension Fund Funding Strategy Statement. The most recent valuation was carried out as at 31st March 2022, which showed a surplus of assets against liabilities of £125.000m at that date; equivalent to a funding level of 105%. The average recovery period of the scheme's employers is 12 years.

The total contributions expected to be made to the LGPS by the Council in the year to 31st March 2024 are £22.907m.

The duration of the defined benefit obligation for LGPS members is 17 years 2022/23 (17 years 2021/22).

NOTES TO THE CORE FINANCIAL STATEMENTS

Impact of 'McCloud' Judgement

The Government has accepted that remedies relating to the McCloud judgment are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. The estimated impact of the McCloud judgement has been included in the Council's accounts since 2018/19 in line with the Government's consultation. It is the view of the actuary that no further adjustments are required in relation to McCloud.

COVID-19/Ukraine

There has been substantial volatility in financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, there has been increased volatility again recently, with the situation in Ukraine, impacting on global supply chains and inflation. This has consequences for asset value, and any changes in markets will be reflected in the accounting figures. Over the same period, volatility has extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact on accounting liabilities. Regarding the impact of COVID-19 on mortality, the actuary's view is that it is not possible at this point to draw any meaningful conclusions on the potential impact of COVID-19 on mortality rates going forward, and so it would be inappropriate to make any adjustment to mortality assumptions at this time.

44. PRIOR PERIOD ADJUSTMENT – NON CURRENT ASSETS

In 2021/22 the Council carried out a revaluation exercise to ensure it's DRC assets and council dwelling valuations were not materially misstated using data sourced from BCIS and Land Registry.

Completed as an in-year exercise, the amount of the upward revaluations posted via the Revaluation Reverse was overstated. The upward revaluations should have been posted to the CIES initially, fully exhausting any previous losses and or impairment, before any remaining amount being posted to the Revaluation Reverse on the Balance Sheet. (The adjustment in relation to Council Fund assets is £15.219m and £13.949m for HRA assets).

In line with the Code of Practice on Local Authority Accounting, the Council has restated the 2021/22 financial statements (outlined below) and the adjustment has been applied to comparator notes throughout the Statement of Accounts. Procedures for 2022/23 have been updated.

The net impact on the financial statements and associated notes is nil.

Comprehensive Income & Expenditure Statement

	Gross Expenditure			Net Expenditure		
	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
Service Expenditure Analysis						
Chief Executive's	2,543	2,543	0	2,475	2,475	0
Education & Youth	158,200	146,702	(11,498)	116,104	104,606	(11,498)
Governance	15,095	15,095	0	11,250	11,250	0
Housing & Assets	43,511	43,511	0	5,892	5,892	0
People & Resources	5,399	5,399	0	5,017	5,017	0
Planning, Environment & Economy	14,828	14,828	0	6,681	6,681	0
Social Services	125,419	125,419	0	89,807	89,807	0
Strategic Programmes	10,733	6,977	(3,756)	8,253	4,497	(3,756)
Streetscene & Transportation	71,570	71,570	0	38,550	38,550	0
Central & Corporate Finance	8,412	8,447	35	5,288	5,323	35
HRA	11,061	(2,888)	(13,949)	(27,158)	(41,107)	(13,949)
(Surplus)/deficit on the provision of services				(41,612)	(70,780)	(29,168)
(Surplus)/deficit arising on revaluation of non current assets				(115,517)	(86,349)	29,168

NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure & Funding Analysis

	Adjustments between Funding & Accounting Basis		
	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
	Chief Executive's	178	178
Education & Youth	7,001	(4,497)	(11,498)
Governance	3,203	3,203	0
Housing & Assets	(6,625)	(6,625)	0
People & Resources	673	673	0
Planning, Environment & Economy	1,074	1,074	0
Social Services	12,566	12,566	0
Strategic Programmes	509	(3,247)	(3,756)
Streetscene & Transportation	7,402	7,402	0
Central & Corporate Finance	(16,994)	(16,959)	35
HRA	(28,828)	(42,777)	(13,949)
Cost of services	(19,841)	(49,009)	(29,168)
Other Income and Expenditure	(6,314)	(6,314)	0
(Surplus)/deficit on the provision of services	(26,155)	(55,323)	(29,168)

Note 1. Note to Expenditure & Funding Analysis

	Adjustments for Capital Purposes		
	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
	Chief Executive's	0	0
Education & Youth	4,554	(6,944)	(11,498)
Governance	1,946	1,946	0
Housing & Assets	4,066	4,066	0
People & Resources	0	0	0
Planning, Environment & Economy	1,130	1,130	0
Social Services	9,376	9,376	0
Strategic Programmes	3,378	(378)	(3,756)
Streetscene & Transportation	7,096	7,096	0
Central & Corporate Finance	(665)	(630)	35
HRA	(6,403)	(20,352)	(13,949)
Cost of services	24,478	(4,690)	(29,168)
Other Income and Expenditure from the EFA	(41,660)	(41,660)	0
Difference between CF / HRA surplus / deficit and CIES surplus / deficit	(17,182)	(46,350)	(29,168)

NOTES TO THE CORE FINANCIAL STATEMENTS

	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
Balance Sheet			
Revaluation Reserve	226,902	197,733	(29,168)
Capital Adjustment Account	393,289	422,458	29,168
Cash Flow Statement			
Surplus/(deficit) on the provision of services	41,612	70,780	29,168
Adjustment to surplus or deficit on the provision of services for non cash movements	65,962	36,794	(29,168)
Note 3. Income & Expenditure Analysed by Nature			
Depreciation, amortisation & impairment	24,540	(4,628)	(29,168)
Note 22. Unusable Reserves			
Revaluation Reserve			
Upward revaluation of assets	126,929	97,760	(29,168)
Capital Adjustment Account			
Charges for depreciation and impairment on non current assets	(2,150)	19,129	21,278
Revaluation losses on PP&E	(17,943)	(10,053)	7,890
HRA Income and Expenditure			
Depreciation and impairment of non-current assets	(6,402)	(20,351)	(13,949)

Movement in Reserves Statement

	Council Fund Balance			HRA Balance			Total Unusable Reserves		
	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
Total comprehensive income and expenditure	11,338	26,557	15,219	30,275	44,224	13,949	203,863	174,695	(29,168)
Adjustments between accounting and funding basis under regulations	5,789	(9,430)	(15,219)	(31,944)	(45,893)	(13,949)	23,070	52,238	29,168

Note 7. Adjustments between accounting and funding basis under regulations

Charges for depreciation and impairment on non current assets	8,614	(1,855)	(10,469)	(6,464)	(17,273)	(10,809)	(2,150)	19,128	21,278
Revaluation losses on Property, Plant and Equipment	17,881	13,131	(4,750)	62	(3,078)	(3,140)	(17,943)	(10,053)	7,890

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 8. Property, Plant & Equipment

	Original 2021/2022 Accounts		Restated 2021/2022 Accounts		Variance	
	Council Dwellings & Garages £000	Other Land & Buildings £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Council Dwellings & Garages £000	Other Land & Buildings £000
Revaluation increases / (decreases) recognised in the Revaluation Reserve	14,223	97,456	274	82,237	(13,949)	(15,219)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(14,970)	(54,497)	(1,021)	(39,278)	13,949	15,219

HOUSING REVENUE ACCOUNT - INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Statement.

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Expenditure				
Repairs and maintenance		10,868		9,605
Management and supervision		6,218		5,593
Specialist services		1,902		1,780
Rents, rates, taxes and other charges		1,855		145
Depreciation and impairment of non-current assets*		(6,395)		(20,351)
Debt management costs		38		41
Increase in bad debt provision		290		299
		14,776		(2,888)
Income				
Dwelling rents (gross)	38,079		36,093	
Non-dwelling rents (gross)	747		379	
		38,826		36,472
Charges for services and facilities		983		1,350
Reimbursement of costs		404		0
Contribution towards expenditure		314		397
		40,527		38,219
Net cost of HRA services as included in the Council's CIES*		(25,751)		(41,107)
Other Operating Expenditure				
Net (gain) / loss on the disposal of non-current assets		(74)		(39)
Admin. expenses on the net defined benefit liability		49		45
Financing and Investment Income and Expenditure				
Interest payable and similar charges		4,902		4,909
Net interest on the net defined benefit liability		554		483
Movement in expected credit losses on financial assets		62		30
Taxation and Non-Specific Grant (Income)				
Capital grants and contributions receivable		(7,633)		(8,545)
Total (surplus) / deficit for the year on HRA services *		(27,891)		(44,224)

*Restated. See Note 44.

HOUSING REVENUE ACCOUNT - MOVEMENT IN RESERVES STATEMENT AND NOTES TO THE INCOME AND EXPENDITURE STATEMENT

This statement shows how the surplus/deficit on the HRA Income and Expenditure Statement for the year reconciles to the surplus/deficit for the year on the Statutory HRA.

	Note (from core notes)	2022/23 £000	Restated 2021/22 £000
At 1st April		5,239	6,908
Surplus/(deficit) on the HRA income and expenditure statement		27,891	44,224
Total comprehensive income and expenditure		27,891	44,224
Adjustments between accounting and funding basis under regulations	7	(26,653)	(45,893)
Increase/(decrease) in year on the HRA		1,238	(1,669)
At 31st March		6,477	5,239

*Restated. See Note 44.

1. LEGISLATION

The HRA, in accordance with the Local Government and Housing Act 1989, reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure - maintenance, rent rebates, administration - and capital financing costs, and how these are met by rents, subsidy and other income.

2. HOUSING STOCK

The type and number of dwellings were:-

	31 March 2023 No.	31 March 2022 No.
Houses	4,107	4,107
Flats	1,408	1,402
Maisonettes	10	10
Bungalows	1,805	1,805
	7,330	7,324

3. RENT ARREARS

The rents total includes, in addition to the basic rent element, amounts due in respect of water/sewerage rates, heating charges, household insurance, communal television licences and value added tax on some garage rentals. These individual rent elements cannot be separately identified from the whole.

	31 March 2023 £000	31 March 2022 £000
Analysis of arrears		
Rents		
Current tenants	2,028	1,546
Former tenants	143	64
	2,171	1,610

NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

	2022/23	2021/22
	£000	£000
Provision for impairment losses (bad debts)	611	578
Opening provision	611	578
Written off in year	(284)	(289)
Increase in provision	347	322
	674	611

4. NON-CURRENT ASSET ACCOUNTING

Capital Expenditure and Financing

HRA capital expenditure was incurred as follows;

	2022/23	2021/22
	£000	£000
Council Dwellings	19,814	20,751
Assets Under Construction	4,096	1,949
Equipment	1,087	1,155
	24,997	23,855

Financed as follows:-

	2022/23	2021/22
	£000	£000
Capital Grants & Contributions	9,203	5,521
Revenue Contributions	12,566	16,620
Borrowing	3,228	1,714
	24,997	23,855

MRA

Included within the capital grants and contributions total is the 2022/23 MRA allocation figure of £4.978m (£4.968m in 2021/22). The MRA allocation figure is included within the Taxation and Non-Specific Grant Income line in the CIES. This Welsh Government grant was fully used in 2022/23 in financing qualifying capital expenditure.

Capital Receipts

Gross capital receipts were realised by way of the disposal of dwellings, land sales, and shared ownership sales:-

	2022/23	2021/22
	£000	£000
Shared ownership sales	105	93
Land sales	0	75
	105	168

NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

Depreciation

Straight line depreciation is provided for on all HRA non-current assets with a finite useful life, other than for non-depreciable land. The charge is based on the 2022/23 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values.

	2022/23 £000	2021/22 £000
Dwellings	4,958	4,946
Garages	19	22
Other land & buildings	111	115
Plant and equipment	418	344
	5,506	5,427

Impairment Losses and Revenue Expenditure Funded from Capital Under Statute

A HRA impairment adjustment total of £20.056m was accounted for in 2022/23 (£20.662m in 2021/22). No REFCUS was accounted for in 2022/23 (£0m in 2021/22).

5. HRA SHARE OF CONTRIBUTIONS TO / FROM PENSIONS RESERVE

The cost of retirement benefits is recognised in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to the HRA is based on the employers' contributions made in year, so the real cost of retirement benefits is reversed out in the movement in reserves statement.

The HRA transactions in the comprehensive income and expenditure statement and the movement in reserves statement during the year are:-

	2022/23 £000	2021/22 £000
CIES		
Service Expenditure Analysis -		
Current service cost	2,394	2,073
Other Operating Expenditure -		
Administration expenses	49	45
Financing and Investment Income and Expenditure		
Net interest expense	554	483
Total HRA Charge	2,997	2,601
Movement in Reserves Statement		
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(2,997)	(2,601)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	1,400	1,272

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended) which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise The Code supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

The revenue and capital accounts of the Council are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2023. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. In particular, supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

Borrowing Costs

The Council has elected to adopt the adaptation by the Code in respect of IAS 23 which allows borrowing costs in respect of qualifying assets to be expensed rather than capitalised. Therefore, all borrowing costs are recognised as an expense as they are incurred.

Capital Receipts

Capital receipts arise from the disposal of property assets and the repayment of advances, and are accounted for on an accruals basis; amounts not exceeding £0.010m from any disposal are treated as revenue income, in accordance with capital regulations. The balance of receipts which has not been used for capital financing purposes is included in the Balance Sheet as usable capital receipts.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Charges to Revenue for Non Current Assets

Service portfolios are charged with the following amounts to record the cost of holding fixed assets during the year:

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

STATEMENT OF ACCOUNTING POLICIES

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are, therefore, replaced by the contribution –MRP – in the Council Fund balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council's MRP is calculated in accordance with the 2016/17 MRP Policy Statement agreed by Council in February 2016, subsequently amended in June 2016, February 2017, March 2018 and March 2021, set in accordance with Welsh Government Guidance on MRP. The Council's policy is as follows:

- Charge 2% of Council Fund debt outstanding, fixed at 31st March 2017, on capital expenditure incurred before 1st April 2008 and capital expenditure funded by supported borrowing between 1st April 2008 and 31st March 2016 using the annuity method to the Council Fund.
- Capital expenditure incurred on or after 1st April 2008 funded by prudential borrowing, capital expenditure incurred on or after 1st April 2016 funded by supported borrowing, and all future debt funded capital expenditure will be repaid by an annual charge to the Council Fund based on the expected useful life of the asset using the annuity method.
- Charge 2% of HRA debt outstanding, fixed at 31st March 2021, on capital expenditure incurred before this date using the annuity method, and from the 1st April 2021 onwards using the annuity method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits.
- Capital receipts received from NEW Homes will be set aside to repay loans issued to NEW Homes in connection with affordable housing which have been classed as capital expenditure under statute.

In addition, the Council may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefit. A breakdown of MRP charged for the year is disclosed in Note 37.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. flexi time, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is charged to Surplus or Deficit on the Provision of Services (but then reversed out through the Movement in Reserves Statement), so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

STATEMENT OF ACCOUNTING POLICIES

When termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The LGPS, Clwyd Pension Fund (administered by Flintshire County Council).

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is, therefore, accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Youth's portfolio service line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

The LGPS

The Local Government Scheme is accounted for as a defined benefits scheme:-

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit actuarial cost method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the market yields at the reporting date on high quality corporate bonds.
- The assets of Clwyd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.
- The change in the net pensions liability is analysed into eight components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES.
 - Gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES.

STATEMENT OF ACCOUNTING POLICIES

- Net Interest on the net defined benefit liability – the net interest expense for the Council, the change during the period that arises from the passage of time – debited to the Financing and Investment Income and Expenditure line in the CIES. Calculated as interest on pension liabilities less the interest on assets. The value of liabilities is calculated by discounting the expected future benefit payments for the period between the expected payment date and the date at which they are being valued. Interest on assets is the interest on assets held at the start of the period and cash flows occurring during the period, calculated using the discount rate at the start of the year.
- Administration expenses – the costs of running the fund attributable to the Council, does not include investment management expenses – debited to Other Operating Expenditure line in the CIES.
- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- Contributions paid to the Clwyd Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Council Fund / HRA balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund / HRA of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any employee (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

Events After the Reporting Period

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

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

STATEMENT OF ACCOUNTING POLICIES

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assuming that:

- Transactions take place in the principal market, or the most advantageous market
- Prices are set by market participants acting in their best economic interest
- Non-financial assets will be used in their highest and best use by both buyer and seller

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which the fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:-

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset or liability.

Financial Instruments

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

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets with another entity that is potentially unfavourable to the Council.

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES, for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted or added to the amortised cost of the new or modified loan and the write down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

STATEMENT OF ACCOUNTING POLICIES

When premiums and discounts have been charged to the CIES regulations allow the impact on the Council Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or the discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual obligation to receive cash or another financial asset.

Financial assets are categorised based on a classification and measurement approach that reflects the Council's business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The Council has granted loans to a wholly owned subsidiary, NEW Homes, at less than market rates (soft loans). When soft loans are made to subsidiaries, the difference is recorded as an additional long term investment in the Council's single entity Balance Sheet for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a higher effective rate of interest than the rate receivable from NEW Homes, with the difference serving to increase the amortised cost of the loan in the Council's single entity Balance Sheet. Statutory provisions require the impact of soft loans on the Council Fund Balance be the interest receivable for the financial year. The reconciliation of amounts credited to the CIES (at the higher effective interest rate) to the contractual rate of interest receivable required against the Council Fund Balance is managed by a transfer through the Capital Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

STATEMENT OF ACCOUNTING POLICIES

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. The Council applies the expected credit losses model on all of its financial assets held at amortised cost. The expected credit loss model also applies to lease receivables. The Council's financial assets have shared risk characteristics. The basis for the collective assessment of expected credit losses for the portfolio of financial assets is based on a matrix that uses historical default data for the portfolio, adjusted with relevant local information to adjust loss rates and any further intelligence for specific classes of financial asset where credit risk could increase. The loss allowance is calculated as a cumulative product of this matrix.

Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential realised using the grant or contribution are required to be consumed by the recipient as specified or must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Grants Receipts in Advance).

When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets

Heritage assets are those assets that the Council intends to preserve in trust for future generations because of their cultural, environmental or historical associations. The Council's heritage assets include historical buildings, its archive (records office) collections, and museum collections.

Historical Buildings

The Council's historical buildings are located primarily in the Greenfield Valley Heritage Park. Historical buildings are classified as operational or non-operational.

Operational

If in addition to being held for their heritage characteristics, they are used for other activities or to provide other services; they are valued in the same way as other buildings of that general asset type, and accounted for as operational assets.

STATEMENT OF ACCOUNTING POLICIES

Non-Operational

If held for their heritage characteristics only; they are valued in accordance with FRS 30 (Heritage Assets). Consideration has been given to the categorisation and valuation of these assets on the basis of their existing and any potential alternative use. The majority of these do not command a market value and given their nature such value cannot be made on replacement cost basis; as such, historical cost measurement is considered appropriate where records are held. In accounting for these assets, it is recognised that the acquisition of the majority of them pre-date the existence of the current administrative authority (i.e. pre 1996 Local Government Re-organisation), and thereby prevents the collection of accurate/total historical cost information for accounting purposes.

Collections:-

County Archives

The archives, ranging from a single piece of paper to thousands of documents, are held under a variety of terms, the most common ones being deposit (long-term loan), gift or purchase.

The majority of archives are held on deposit. No attempt has been made to assign a cash or insurance value to this irreplaceable historical and cultural heritage, although in cases where the archives have been purchased, records of their saleroom value at the time may exist. Obtaining a valuation of all the owned assets would be a lengthy, resource intensive and costly exercise, and any market value placed on these assets would not be a true reflection of the value of the assets to the County's heritage; the assets, if lost, could not be replaced or reconstructed. Consequently, the Council does not recognise these assets on the Balance Sheet.

A small number of items are artefacts rather than documentary material which forms the large majority of the holdings, and as such are exceptions. The Council considers it appropriate to insure the artefacts even though it does not own them; their historical insurance value is £174,415 and is not considered material for reporting/disclosure purposes.

County Museum

The County Museum collection consists of about 6,800 items or groups of items. Of these approximately 260 are displayed at Mold Museum, 200 at Buckley Museum and a group of about 580 items are on loan to Greenfield Valley Trust. The remainder are held in an off-site store. The majority of the collection items have been donated. The vast majority of the collection cannot be valued because of its diverse and unique nature. Conventional valuation approaches lack sufficient reliability and the cost of obtaining the valuations for these items would be disproportionate in terms of the benefit derived. As with the County Archives collection, the Council does not recognise these assets on the Balance Sheet. The museum collections are managed by Aura Leisure & Libraries Ltd. under an SLA although remain under the ownership of the Council.

Intangible Assets

Intangible assets are non-monetary assets without physical substance. Expenditure on intangible assets is capitalised only where it is expected that future economic benefits will flow to, or service potential be provided to, the Council and where the cost of the asset can be measured reliably.

Development expenditure, or purchased software licences may meet the definition of intangible assets when access to the future economic benefits that they represent is controlled by the Council, either through custody or legal protection; a de minimis expenditure level of £0.020m below which the requirements of capital accounting will not be applied is in place.

Intangible assets are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. Amortisation commences the first full year following acquisition / addition.

STATEMENT OF ACCOUNTING POLICIES

The most common useful lives used in respect of amortisation are:-

	Years
Software licences	5
Development expenditure	7

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation charges are not permitted to have an impact on the Council Fund Balance, and are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Interest Charges

External interest payable is charged to the CIES together with the amortisation of gains and losses on the repurchase or early settlement of borrowing carried forward in the Balance Sheet.

Inventory

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of each type of inventory is measured in a different way; the measurements used in respect of the Council's main inventories are:-

- Alltami Depot (grounds & vehicle maintenance and rock salt) Weighted average
- Alltami Depot (fleet fuel) FIFO (first in first out)

All other stock is measured at cost.

Investments

Investments are shown in the Balance Sheet at fair value (market value) for each class of financial instrument.

Short term deposits and investments are included in the cash and cash equivalents rather than short term investments if they mature within 3 months of the acquisition date, under IAS 7.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually reflecting market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account (and for any sale proceeds greater than £0.010m, the Capital Receipts Reserve).

STATEMENT OF ACCOUNTING POLICIES

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance.

Joint Committees

The Council recognises on the Balance Sheet the assets that it controls and the liabilities that it incurs from the activity of any service delivered in conjunction with other parties and reflects within the CIES the expenditure it incurs, and the share of income it earns from such.

Leases

Finance Leases

For a lease to be classified as a finance lease substantially all risks and rewards of ownership need to be borne by the Council. There are five examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease. These are:

- The lease transfers ownership of the asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised.
- The lease term is for the major part of the economic life of the asset.
- The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (the Council have determined 'substantially all' to equate to 90% as advised by their independent lease consultants); and
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Where substantially all risks and rewards of ownership of a leased asset are borne by the Council, the asset is recorded as property, plant and equipment and a corresponding liability is recognised.

The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The property, plant and equipment acquired under finance leases are depreciated over the life of the asset as per the depreciation accounting policy. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires.

The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Operating lease rentals are charged to revenue accounts, on an accruals basis, on a straight-line basis over the term of the lease.

Property leases are classified and accounted for as separate leases of land and buildings.

STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment that is deemed to enhance the value of an asset is initially capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Such assets are subsequently revalued in-year and impaired or revalued as appropriate to ensure they are held at the correct carrying value.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. A de minimis expenditure level of £0.020m below which the requirements of capital accounting will not be applied is in place.

Measurement

Assets are initially measured at cost, comprising:-

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- Council dwellings – current value, determined using the existing use value for social housing (EUV – SH).
- Infrastructure assets – depreciated historical cost.
- Vehicles, plant, furniture and equipment – depreciated historical cost.
- All other operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Community assets – historical cost and not depreciated.

STATEMENT OF ACCOUNTING POLICIES

- Surplus assets – current value measurement is based on fair value, estimated at highest and best use from a market participant's perspective.
- Assets under construction – historical cost.

Where there is no market-based evidence of current value because of the specialist nature of an asset, DRC is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Revaluation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio as at 1st April each year; in 2022/23 approximately 19% of operational non-dwelling assets were revalued. Valuations are undertaken in accordance with the RICS Valuation – Global Standards 2017: UK national supplement. Valuations are carried out by the Council's in-house RICS valuers wherever possible, but in some cases external valuers are used.

The valuation methodology used for the HRA Housing Stock is the Beacon Approach, an adjusted vacant possession value technique based on the value of the property assuming vacant possession, with an adjustment factor to reflect continued occupation by a secured tenant. This methodology - the most widely adopted amongst local authorities in Wales - is the methodology that is most likely to produce consistent valuations of similar HRA properties in different local authorities. The current value of council dwellings is measured using existing use value–social housing (EUV–SH) as defined by RICS Valuation Standards, being the estimated amount for which a property should exchange (on the date of valuation) between a willing buyer and a willing seller, in an arm's-length transaction.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are reviewed for impairment at the end of each reporting period to ensure that they are not carried at a value higher than their recoverable amount. Examples of impairment include a significant reduction in a specific assets value and evidence of physical damage (e.g. fire damage).

STATEMENT OF ACCOUNTING POLICIES

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:-

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of any accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets with a finite useful life. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. assets under construction). Depreciation on new assets is charged from the first full year following addition in the case of all assets other than those acquired under finance leases, for which provision is made from the year of addition.

Depreciation is calculated on a straight line basis, assuming nil residual values for all property, plant and equipment, with the most common useful lives being:-

	Years
Buildings	50
Vehicles, plant, furniture and equipment	3-10
Infrastructure assets	40

Council dwellings are depreciated by a sum equivalent to the MRA.

Assets capitalised under finance leases are depreciated over the life assigned to the asset by either the contract in place or, in the absence of this information being available, the Council's independent lease consultants as a result of their review of the lease.

Assets under construction are not depreciated until the asset is brought into use.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and whose estimated useful life is significantly different from the useful life of the main asset, the components are depreciated separately.

A de minimis materiality level of £2.500m for the asset value has been set, below which individual items of property, plant and equipment will not be considered for componentisation; significant components will be deemed as those whose current value is 20% or more of the total current value of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

STATEMENT OF ACCOUNTING POLICIES

Derecognition of Property, Plant and Equipment

An item of Property, Plant or Equipment is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale once all of the following criteria are met:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.

The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £0.010m are categorised as Capital Receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax or rents, as the cost of non-current assets is fully provided for under separate capital financing arrangements. Amounts are appropriated to the Capital Adjustment Accounts from the Council Fund Balance in the Movement in Reserves Statement.

STATEMENT OF ACCOUNTING POLICIES

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Schools

All of the Council's maintained schools are considered to be entities controlled by the Council. In line with the requirements of the code the Council accounts for its maintained schools within its single entity financial statements. This includes school income, expenditure, assets, liabilities, reserves and cash flows.

Non-Current Assets - Schools

Non-current assets of Community schools are owned by the Council and are included in the Balance Sheet.

STATEMENT OF ACCOUNTING POLICIES

Voluntary Aided and Voluntary Controlled school buildings are owned by religious bodies and therefore are not recognised on the Balance Sheet. Any land and/or playing fields that are owned by the Council at Voluntary Aided / Controlled schools is included on the Balance Sheet. The Council's single Foundation school is owned by the governors of the school and is therefore included in the Balance Sheet.

Subsidiaries

The Council wholly owns two companies, NEW Homes and Newydd Catering & Cleaning Ltd.

As the Council controls these entities the Code requires that their accounts are consolidated into the Council's group accounts. In the Council's single entity accounts, the interests in subsidiaries is recorded at cost.

Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. They represent either a planned set-aside of cash to resource unforeseen expenditure demands in the short term, resources to assist cash flow management or accumulated resources which have not been spent or earmarked at the end of the accounting period. Transfers to and from Reserves are shown as appropriations in the Movement In Reserves Statement.

REFCUS

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the levels of council tax or rent.

Examples of REFCUS expenditure are Disabled Facilities Grants, grants to businesses and private property enhancement schemes.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

GROUP ACCOUNTS

The Code requires that a local authority with material interests in subsidiaries, associates and joint ventures prepare Group Accounts in addition to its single entity accounts.

A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent.

For Group Accounts purposes the Council has consolidated the accounts of two wholly owned subsidiaries of the Council:

- NEW Homes, and
- Newydd Catering & Cleaning Ltd.

The Council's other collaborative working arrangements have been reviewed against the requirements of the Code, and it has been determined that none of these arrangements require inclusion in Group Accounts.

The Group Accounts include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement

NEW Homes

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, whilst providing a professional service to landlords and tenants.

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
- annual business plan
- any asset disposals
- any borrowing against assets
- appointment of directors to the board

Further information on NEW Homes is available on its website www.northeastwaleshomes.co.uk.

NEW Homes currently owns and manages 173 units across Flintshire. These are made up of a combination of new build schemes delivered through SHARP and properties acquired from developers through Section 106 agreements. 61 properties have been donated by private developers under Section 106 agreements to provide affordable housing. These agreements between developers and local planning authorities are negotiated as part of a condition of planning consent and enable local authorities to negotiate contributions towards a range of infrastructure and services, including affordable housing. The total value of these properties in the NEW Homes Balance Sheet is £10.685m. The remaining 112 properties are purchased (19 properties) and new build (93 properties) affordable homes for rent in Flintshire. The total value of these properties in the NEW Homes Balance Sheet is £18.018m.

GROUP ACCOUNTS

The Council and NEW Homes enter into a nomination rights agreement in respect of each property, which entitles the Council to select every tenant, and uses this to house people on the Flintshire affordable housing register.

The NEW Homes Business Plan proposes to expand the company over the next two years. This will bring the total number of properties managed by NEW Homes to 245 by 2024/25.

Newydd Catering & Cleaning Ltd

Newydd Catering & Cleaning Ltd a local authority trading company incorporated on 28th February 2017 as a company limited by shares with the Council owning all of the shares, 100 at £1 par value. The catering and cleaning service has been created with the objective to be more responsive to the demands of the market and be free to attract new customers outside of the Council.

The Council has a high level of control over Newydd Catering & Cleaning Ltd as the single shareholder approving:

- any strategic objectives and decisions
- any transfer or transmission of shares in the Company
- the retention or distribution of any financial surplus
- the issue by the Company of any shares in the capital of the Company, and the rights and/or restrictions of any shares.
- any borrowing against assets

Further information on Newydd Catering & Cleaning Ltd is available on its website www.newydd.wales.

Risk Management

The relationship between the Council and its subsidiaries includes business plans which are developed by the subsidiaries being approved by the Council's Cabinet. This provides the Cabinet with the ability to understand the broad risk environment in which the subsidiaries operate, consider specific risks that the subsidiaries face and assess the way in which subsidiaries manage and mitigate those risks. This provides assurance to the Council that risks are appropriately managed and mitigated and that the Council's own exposure to risk is therefore minimised. The Council continues to work with subsidiaries to manage and mitigate specific risks arising from the impact of COVID-19.

The performance of NEW Homes and Newydd Catering & Cleaning Ltd is scrutinised by the appropriate overview and scrutiny committee. The subsidiaries are subject to audit by the Council's internal audit team which also helps provide assurance that risk is being managed and that control mechanisms are in evidence and operating effectively.

Accounting Policies

The accounting policies for the Group follow those adopted by Flintshire County Council in the single entity statements, as detailed on pages 77 to 92. Where the subsidiaries accounting policies are different, adjustments have been made on consolidation to align any differences in accounting treatment.

GROUP MOVEMENT IN RESERVES STATEMENT

	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
At 31st March 2022	55,627	38,239	93,866	246,725	340,591	8,170	348,761
Total comprehensive income and expenditure	(9,164)	27,891	18,727	316,277	335,004	5,904	340,908
Adjustments between group accounts and authority accounts	(6,190)	0	(6,190)	0	(6,190)	(3,069)	(9,259)
Net increase/(decrease) before transfers	(15,354)	27,891	12,537	316,277	328,814	2,835	331,649
Adjustments between accounting and funding basis under regulations	9,448	(25,364)	(15,915)	15,915	0	0	0
Increase/(decrease) in year	(5,906)	2,527	(3,378)	332,192	328,814	2,835	331,649
At 31st March 2023	49,720	40,766	90,489	578,918	669,407	11,005	680,412

	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
At 31st March 2021	38,500	36,823	75,323	19,792	95,115	5,417	100,532
Total comprehensive income and expenditure*	29,345	44,224	73,569	174,695	248,264	6,065	254,329
Adjustments between group accounts and authority accounts	(2,788)	0	(2,788)	0	(2,788)	(3,312)	(6,100)
Net increase/(decrease) before transfers*	26,557	44,224	70,781	174,695	245,476	2,753	248,229
Adjustments between accounting and funding basis under regulations*	(9,430)	(42,808)	(52,238)	52,238	0	0	0
Increase/(decrease) in year	17,127	1,416	18,543	226,933	245,476	2,753	248,229
At 31st March 2022	55,627	38,239	93,866	246,725	340,591	8,170	348,761

*Restated. See Note 2 (Group Accounts)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2022/23			Restated 2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Service Expenditure Analysis						
Chief Executive's	1,888	(65)	1,823	2,543	(68)	2,475
Education & Youth*	167,652	(36,736)	130,916	142,346	(42,096)	100,250
Governance	16,574	(2,072)	14,502	15,089	(3,779)	11,310
Housing & Communities**	47,161	(39,303)	7,858	43,779	(38,658)	5,121
People & Resources	5,998	(475)	5,523	5,399	(170)	5,229
Planning, Environment & Economy	15,872	(7,066)	8,806	14,827	(8,134)	6,693
Social Services	126,662	(30,790)	95,872	124,385	(35,621)	88,764
Strategic Programmes*	15,681	(4,888)	10,793	14,059	(3,689)	10,370
Streetscene & Transportation	76,798	(27,105)	49,693	71,515	(32,899)	38,616
Central & Corporate Finance*	6,905	(2,488)	4,417	8,447	(3,109)	5,338
HRA*	14,776	(40,506)	(25,730)	(2,888)	(38,219)	(41,107)
Cost of services*	495,967	(191,494)	304,473	439,501	(206,442)	233,059
Other Operating Expenditure			33,335			30,322
Financing and Investment (Income) and Expenditure			17,492			18,490
Taxation and Non-Specific Grant (Income)			(366,899)			(351,969)
(Surplus)/deficit on the provision of services*			(11,599)			(70,098)
Tax expenses of subsidiary			(76)			(182)
Group (surplus)/deficit*			(11,675)			(70,280)
(Surplus)/deficit arising on revaluation of non-current assets*			(3,915)			(86,349)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets			0			0
Tax relating to other comprehensive income			1,207			385
Actuarial (gains) or losses on pension assets and liabilities			(317,189)			(90,619)
Total comprehensive (income) and expenditure			(331,572)			(246,863)

Restated. See Note 2 (Group Accounts)

**Portfolio renamed Housing & Communities (previously Housing & Assets). Amounts disclosed include amounts attributable to the service Capital Programme & Assets.

GROUP BALANCE SHEET

		31 March 2023		31 March 2022	
	Note	£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment					
Council dwellings		301,283		274,122	
Other land and buildings		500,291		481,376	
Vehicles, plant, furniture and equipment		20,413		19,791	
Surplus assets		4,319		5,880	
Infrastructure assets		156,994		157,785	
Community assets		5,408		4,921	
Assets under construction		16,160		12,125	
Total Property, Plant & Equipment	1	1,004,868		956,000	
Investment properties and agricultural estate			28,879		27,694
Intangible assets			0		0
Long term investments			0		0
Long term debtors*			2,303		2,253
Deferred Tax Asset*			0		1,079
NON-CURRENT ASSETS TOTAL			1,036,050		987,026
CURRENT ASSETS					
Inventories		850		784	
Short term debtors (net of impairment provision)		79,917		71,219	
Short term investments		5,054		5,001	
Cash and cash equivalents		29,369		45,671	
Assets held for sale		306		383	
CURRENT ASSETS TOTAL			115,496		123,058
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months		(19,908)		(18,036)	
Short term creditors		(57,935)		(63,333)	
Provision for accumulated absences		(6,722)		(5,563)	
Deferred liabilities		(621)		(591)	
Grants receipts in advance		(3,737)		(6,697)	
Provisions*		(52)		(45)	
CURRENT LIABILITIES TOTAL			(88,975)		(94,265)
NON-CURRENT LIABILITIES					
Long term creditors		(1,140)		(1,389)	
Long term borrowing		(290,201)		(289,517)	
Deferred liabilities		(2,128)		(2,748)	
Provisions		(1,067)		(957)	
Other long term liabilities		(77,723)		(367,258)	
Grants receipts in advance		(6,268)		(1,535)	
Deferred Tax Liability*		(3,632)		(3,653)	
NON-CURRENT LIABILITIES TOTAL			(382,159)		(667,057)
NET ASSETS			680,412		348,762

*2021/22 figures restated to reclassify Deferred Tax Asset & Liability. Balance Sheet total unchanged.

GROUP BALANCE SHEET

	Note	31 March 2023		Restated 31 March 2022	
		£000	£000	£000	£000
USABLE RESERVES					
Capital receipts reserve		19,149		17,959	
Capital grants unapplied		15,142		15,043	
Council Fund		19,162		18,438	
Profit and Loss reserve		2,806		(657)	
Earmarked reserves		30,558		37,187	
HRA		6,477		5,239	
USABLE RESERVES TOTAL			93,294		93,209
UNUSABLE RESERVES					
Revaluation Reserve*		201,613		206,560	
Capital Adjustment Account *		474,553		422,458	
Financial Instruments Adjustment Account		(4,652)		(5,011)	
Pensions Reserve		(77,723)		(362,940)	
Deferred capital receipts		49		49	
Accumulated Absences Account		(6,722)		(5,563)	
UNUSABLE RESERVES TOTAL			587,118		255,553
TOTAL RESERVES			680,412		348,762

*Restated. See Note 2 (Group Accounts)

GROUP CASH FLOW STATEMENT

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Net surplus or (deficit) on the provision of services*	12,249		70,855	
Adjustment to surplus or deficit on the provision of services for non-cash movements*	19,762		36,761	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>(33,033)</u>		<u>(45,486)</u>	
Net cash flows from operating activities		(1,022)		62,130
Net cash flows from investing activities	(17,114)		(13,232)	
Net cash flows from financing activities	<u>1,835</u>		<u>(42,432)</u>	
Net increase or decrease in cash and cash equivalents		<u>(15,279)</u> (16,301)		<u>(55,664)</u> 6,466
Cash and cash equivalents at the beginning of the reporting period		45,668		39,202
Cash and cash equivalents at the end of the reporting period		29,367		45,668

*Restated. See Note 2 (Group Accounts).

NOTES TO THE GROUP ACCOUNTS

1. PROPERTY, PLANT AND EQUIPMENT

	Flintshire County Council £000	NEW Homes £000	Newydd Catering & Cleaning Ltd £000	Group £000
Net Book Value at 31st March 2023				
Council dwellings	301,283	0	0	301,283
Other land and buildings	474,132	26,159	0	500,291
Vehicles, plant, furniture and equipment	20,212	0	201	20,413
Surplus assets	4,319	0	0	4,319
Infrastructure assets	156,994	0	0	156,994
Community assets	5,408	0	0	5,408
Assets under construction	16,160	0	0	16,160
	978,508	26,159	201	1,004,868

	Flintshire County Council £000	NEW Homes £000	Newydd Catering & Cleaning Ltd £000	Group £000
Net Book Value at 31st March 2022				
Council dwellings	274,122	0	0	274,122
Other land and buildings	454,643	26,733	0	481,376
Vehicles, plant, furniture and equipment	19,581	0	210	19,791
Surplus assets	5,880	0	0	5,880
Infrastructure assets	157,785	0	0	157,785
Community assets	4,921	0	0	4,921
Assets under construction	12,125	0	0	12,125
	929,057	26,733	210	956,000

2. PRIOR PERIOD ADJUSTMENT – NON CURRENT ASSETS

As detailed in the single entity statements (Note 44), the Council has restated the 2021/22 financial statements. The restatements affecting the Group Accounts are outlined below.

Group Movement in Reserves Statement

	Council Fund Reserves			Other Usable Reserves			Unusable Reserves		
	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000	Original 2021/2022 Accounts £000	Restated 2021/2022 Accounts £000	Variance £000
Total comprehensive income and expenditure	14,126	29,345	15,219	30,275	44,224	13,949	203,863	174,695	(29,168)
Adjustments between accounting and funding basis under regulations	5,789	(9,430)	(15,219)	(28,859)	(42,808)	(42,808)	23,070	52,238	29,168

NOTES TO THE GROUP ACCOUNTS

Group Comprehensive Income & Expenditure Statement

	Gross Expenditure			Net Expenditure		
	Original	Restated	Variance	Original	Restated	Variance
	2021/2022	2021/2022		2021/2022	2021/2022	
Accounts	Accounts	£000	Accounts	Accounts	£000	
	£000	£000	£000	£000	£000	£000
Service Expenditure Analysis						
Chief Executive's	2,543	2,543	0	2,475	2,475	0
Education & Youth	153,844	142,346	(11,498)	111,748	100,250	(11,498)
Governance	15,089	15,089	0	11,310	11,310	0
Housing & Assets	43,779	43,779	0	5,121	5,121	0
People & Resources	5,399	5,399	0	5,229	5,229	0
Planning, Environment & Economy	14,827	14,827	0	6,693	6,693	0
Social Services	124,385	124,385	0	88,764	88,764	0
Strategic Programmes	17,815	14,059	(3,756)	14,126	10,370	(3,756)
Streetscene & Transportation	71,515	71,515	0	38,616	38,616	0
Central & Corporate Finance	8,412	8,447	35	5,303	5,338	35
HRA	11,060	(2,888)	(13,949)	(27,159)	(41,107)	(13,949)
(Surplus)/deficit on the provision of services				(40,931)	(70,098)	(29,168)
Group (surplus)/deficit				(41,113)	(70,280)	(29,168)
(Surplus)/deficit arising on revaluation of non current assets				(115,517)	(86,349)	29,168

	Original	Restated	Variance
	2021/2022	2021/2022	
	Accounts	Accounts	£000
	£000	£000	£000
Group Balance Sheet			
Revaluation Reserve	235,729	206,560	(29,168)
Capital Adjustment Account	393,289	422,458	29,168

Group Cash Flow Statement			
Surplus/(deficit) on the provision of services	41,687	70,855	29,168
Adjustment to surplus or deficit on the provision of services for non cash movements	65,929	36,761	(29,168)

**INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF
FLINTSHIRE COUNTY COUNCIL**

To be inserted following financial audit by external auditors.

**INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF
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To be inserted following financial audit by external auditors.

2022/23

Flintshire County Council
Our Approach to the Annual Governance Statement
Enclosure 1

Draft

ANNUAL GOVERNANCE STATEMENT

What is the purpose of this document?

This document outlines our approach to the assessment of the Council's governance arrangements and the completion of the Annual Governance Statement. This document 'Our approach to Approach to the Annual Governance Statement' (Part one) explains:

- What Governance is;
- What is the Annual Governance Statement;
- How has the Annual Governance Statement been prepared;
- What are the key principles of the Corporate Governance Framework;
- Contributors to an effective Governance Framework; and
- How have we monitored and evaluated the effectiveness of our governance arrangements

The outcome of our assessment identifying areas of best practice and areas for further improvement is details within the document Annual Governance Statement 2022/23 – Part 2

What is Governance?

“Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust, but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic.”¹

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. We have developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on our website. A summary of the principles upon which it is based can be found later in this document.

Our governance framework supports our aim as a modern public body which has the **philosophy** of operating as a social business which refers to it:

- being lean, modern, efficient and effective;
- being designed, organised and operated to meet the needs of communities and the customer; and
- working with our partners to achieve the highest possible standards of public service for the well-being of Flintshire as a County

To meet these aspirations, we have set the **standards** of:-

- achieving excellence in corporate governance and reputation;
- achieving excellence in performance against both our own targets and against those of high performing peer organisations;
- being modern and flexible, constantly adapting to provide the highest standards of public, customer, and client service and support;
- using its four resources - money, assets, people and information - strategically, effectively and efficiently; and
- embracing and operating the leanest, least bureaucratic, efficient and effective business systems and processes

¹ Wales Audit Office: “Discussion Paper: The governance challenges posed by indirectly provided, publicly funded services in Wales” 2017

ANNUAL GOVERNANCE STATEMENT

To achieve these standards, our **behaviours** are:-

- showing strategic leadership both of the organisation and our partnerships;
- continuously challenging, reviewing, changing and modernising the way we do things;
- being as lean and un-bureaucratic as possible;
- using new technology to its maximum advantage; and
- using flexible working to its maximum advantage

We are committed to the **principles** of being:-

- a modern, fair and caring employer;
- fair, equitable and inclusive in its policies and practices; and
- conscientious in planning and managing its activities, and making decisions, in a sustainable way

We are committed to specific values and principles in working with our key partners and partnerships. These cover strategic partnerships such as the Public Services Board and with the third sector such as agreeing a set of Voluntary Sector Funding principles.

ANNUAL GOVERNANCE STATEMENT

What is the Annual Governance Statement?

We are required by the Accounts and Audit (Wales) Regulations 2018 to prepare a statement on internal control. Alongside many authorities in Wales, we refer to this as the 'Annual Governance Statement'. This is a public document that reports on the extent to which we as the Council comply with our own code of governance.

In this document, we, the Council:

- Acknowledge our responsibility for ensuring that there is a sound system of governance;
- summarise the key elements of that governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describe how we have monitored and evaluated the effectiveness of our governance arrangements in year, and any planned changes in the coming period;
- provide details of how we have responded to any issue(s) identified in last year's governance statement; and
- report on any governance issues identified from this review and provide a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council for the financial year 2022/23 and up to the date of approval of the Annual Statement of Accounts.

How has the Annual Governance Statement been prepared?

The initial review of our governance framework was carried out by the Corporate Governance Working Group. This group worked with each corporate Chief Officer and also for some specific governance functions such as finance, human resources and legal. Our approach was based on the seven principles that follow in the main part of this document and were assessed to identify any areas for improvement. A challenge workshop for Governance and Audit Committee members was held to go through the initial scores of the AGS and a Questionnaire summarising the these from the workshop were completed by some cabinet and Chairs of Overview and Scrutiny committees members.

The preparation and content of this year's governance framework has been considered by the statutory officer's, with assurance support from Internal Audit, Governance & Audit Committee and Audit Wales. We recognise that our governance framework cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

In preparing the Annual Governance Statement, we have:

- reviewed the Council's existing governance arrangements against the Local Code of Corporate Governance.
- updated the Local Code of Corporate Governance where necessary, to reflect changes in the Council's governance arrangements and the requirements of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities.
- assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period.

The Chief Officer Team, which is led by the Chief Executive, have also considered the governance issues and principles facing the Council. These are evidenced from Page 135. Principles assessed as needing further improvement are detailed in the Annual Governance Statement from Page 138.

Our Governance & Audit Committee provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. As part of this role the Committee reviews and approves the Annual Governance Statement. The Governance and Audit Committee were also asked to consider and comment on the progress made on the last AGS and any further matters to be considered. They expressed general satisfaction with the Annual Governance Statement.

The five Overview & Scrutiny Chairs have also considered and commented on issues within the remit of their respective committees as well as Cabinet members. They expressed general satisfaction and agreement with the findings of the with the Annual Governance Statement.

What are the key principles of the Corporate Governance Framework?

We aim to achieve a good standard of governance by adhering to the seven key principles of the CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities, which form the basis of the Local Code of Corporate Governance. The seven key principles are:

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Principle B	Ensuring openness and comprehensive stakeholder engagement
Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
Principle E	Developing our organisation's capacity, including the capability of its leadership and the individuals within it
Principle F	Managing risks and performance through robust internal control and strong public financial management
Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Please note whilst the Code refers to an 'entity' for the purpose of greater clarity we have replaced this with 'our organisation'.

ANNUAL GOVERNANCE STATEMENT

Contributors to an effective Governance Framework

Council	<ul style="list-style-type: none"> • Approves the Council Plan • Endorses the Constitution
Cabinet	<ul style="list-style-type: none"> • Primary decision making body of the Council • Comprises of the Leader of the Council and Cabinet Members who have responsibility for specific portfolios
Governance & Audit Committee	<ul style="list-style-type: none"> • Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors
Standards Committee	<ul style="list-style-type: none"> • Standards Committee promotes high standards of conduct by elected and co-opted Members and monitors the operation of the Members' Code of conduct • Constitution & Democratic Services Committee considers and proposes changes to the Constitution and the Code of Corporate Governance
Portfolio	<ul style="list-style-type: none"> • Track efficiencies, highlighting risk and mitigating actions to achievement • Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery
Overview & Scrutiny Committees	<ul style="list-style-type: none"> • Review and scrutinise the decisions and performance of Council, Cabinet, and Committees • Review and scrutinise the decisions and performance of other public bodies including partnerships • Assists the Council and Cabinet in the development of the Budget and Policy framework by in-depth analysis of policy issues • Established the Chair/Vice Chair Liaison Group
Chief Officer Team & Service Managers	<ul style="list-style-type: none"> • Set governance standards • Lead and apply governance standards across portfolios • Undertake annual self-assessment
Internal Audit	<ul style="list-style-type: none"> • Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements • Investigates fraud and irregularity

ANNUAL GOVERNANCE STATEMENT

How we monitored and evaluated the effectiveness of our governance arrangements?

On an annual basis, we review the effectiveness of our governance framework including the system of internal control. The key elements of assurance that inform this governance review are detailed below:

Chief Officers Team	Monitoring Officer	Section 151 Officer	Information Governance	Internal Audit
<ul style="list-style-type: none"> • Corporate oversight and strategic planning • Annual Corporate Governance Assessment • Implement and monitor regulatory and other governance protocols 	<ul style="list-style-type: none"> • Legal and regulatory assurance • Monitors the operation of the Constitution • Ombudsman investigations • Designated Senior Information Risk Owner (SIRO) 	<ul style="list-style-type: none"> • Proper administration of the Council's financial affairs 	<ul style="list-style-type: none"> • The Monitoring Officer is designated as our Senior Information Risk Owner (SIRO) • The Information Governance Manager is our Data Protection Officer (DPO) • Information Compliance including associate policies, procedures and systems (Data Protection, Freedom of Information) • Information Security, Information Standards & Records Management 	<ul style="list-style-type: none"> • Annual opinion report on adequacy of internal controls, risk management and governance arrangements • Internal Audit plan and report tracking / performance by Audit Committee • Provision of advice & consultancy
Overview & Scrutiny Committees	Governance & Audit Committee	Risk Management	External Audit / Inspections	Counter Fraud
<ul style="list-style-type: none"> • Policy review and challenge • Overview & scrutiny of topics • Corporate & Portfolio Performance & Risk monitoring 	<ul style="list-style-type: none"> • Self-assessment of Governance & Audit Committee • Review effectiveness of internal and external audit • Consider the adequacy of the internal control, risk management and Governance arrangements 	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Quarterly monitoring and reporting of Strategic Risks 	<ul style="list-style-type: none"> • Financial statements audit • Thematic & national reviews • Other external inspections 	<ul style="list-style-type: none"> • Anti-Fraud and Corruption & Whistleblowing arrangements • Codes of Conduct for Officers and Members • Financial and Contract Procedure Rules

ANNUAL GOVERNANCE STATEMENT

Flintshire County Council Corporate Governance Framework

Public Key Documents: Annual Review / Production

- Annual Governance Statement
- Annual Outturn Finance Report
- Annual Performance Report
- Annual Information Governance Statement
- Capital Strategy and Asset Management Plan
- Code of Corporate Governance
- Code of Ethical Practice on Procurement
- Contract Procedure Rules
- Digital Strategy
- Equal Pay Audit (Gender Pay Reporting)
- Financial Regulations
- Council Plan
- Medium Term Financial Strategy
- Members' Allowance Scheme
- Overview and Scrutiny Annual Report
- People Strategy
- Portfolio Business Plans
- Public Services Board Wellbeing Plan
- Statement of Accounts
- Strategic Equality Plan
- Strategic Risk Register
- Treasury Management Strategy
- Annual Audit Report
- Pay Policy Statement

Key Documents: Ad-hoc Review / Production

- Anti-Fraud Work plan
- Business Continuity Plans
- Communications Principles
- Constitution
- Digital Strategy
- Data Protection Policy
- Equality and Diversity Policies
- Employment Policies
- Health & Safety Policies
- Internal/External Audit Protocol
- IT Policies
- Members Code of Conduct
- Officers Code of Conduct
- Procurement Strategy
- Social Media Policy
- Welsh Language Standards
- Whistle Blowing Policy

Contributing Processes Regulatory Monitoring

- Appraisal and Supervision
- Attendance management
- Governance & Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health & Safety
- Council (Plan) Governance Framework
- Council Meetings
- Engagement and Consultation
- External Audit
- FCC Web site
- Inspectorate Reports
- Induction (Corporate and Service)
- Internal Audit
- Job Descriptions / Person Specifications
- Manager Toolkits
- Member Training
- Monitoring Officer
- Partnership Self Assessments
- Performance Management
- Risk Management
- Scrutiny Framework
- Your Council newsletter

2022/23

Flintshire County Council
Annual Governance Statement
Enclosure 2

Draft

What is the Purpose of this Document?

This document details our assessment against the Council's Corporate Governance Framework and identifies the areas of best practise and areas for further improvement. The document explains:

- What is the Annual Governance Statement (AGS)?
- Where we are now since the COVID-19 Pandemic
- Comparison of the Effectiveness of the Council's Governance Framework
- Key principles of the Corporate Governance Framework and our statement:
 - Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
 - Principle B - Ensuring openness and comprehensive stakeholder engagement
 - Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Principle E - Developing our organisations capacity, including the capability of our leadership and the individuals within it
 - Principle F - Managing risks and performance through robust internal control and strong public financial management
 - Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- How have we addressed the governance and strategic issues from 2021/22 AGS
- What are the governance issues identified during 2022/23
- What are the strategic issues identified during 2022/23
- Certification of the Annual Governance Statement

What is the Annual Governance Statement?

The Accounts and Audit (Wales) Regulations 2018 require us to prepare a statement on internal control. Like many authorities in Wales, this is referred to as the 'Annual Governance Statement'. This is a public document that reports on the extent to which we as the Council comply with our own code of governance.

In this document, we, the Council:

- Acknowledge our responsibility for ensuring that there is a sound system of governance;
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- Provide details of how we have responded to any issue(s) identified in last year's governance statement; and
- Report on any governance issues identified from this review and provide a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council during the financial year 2022/23 and up to the date of approval of the Statement of Accounts.

Where We Are Now Since the COVID-19 Pandemic

COVID-19 Pandemic was a challenging time for the many and even during 2022, we, the Council still continued to face a number of challenges. However, the pandemic has allowed us to redefine and evaluate our strategies, future goals and plans. What was previously the Council's response to the pandemic, for most part has now become 'a new business as usual' model.

The Emergency Management Response Team (EMRT), led by the Chief Executive which worked through significant changes to our working lives and culture has now disbanded. Test, Trace, Protect service also ended in March 2023, transitioning over to the Health Protection Service led by Betsi Cadwaladr University Health Board.

A new policy (Hybrid Working Policy) was implemented in 2022 due to the way in which many employees work on a daily basis has changed radically because of the pandemic. The Welsh Government has also stated its long-term ambition to see around 30% of Welsh workers working from home or near from home, even after the threat of Covid-19 has lessened. A Workforce Consultation will be taking place in June 2023 to assess how the hybrid working model has worked thus far; further data will be available in coming months in response of the consultation. A part of the new policy the Council is delivering more hybrid options and there are opportunities for face-to-face and virtual meetings combined, allowing meetings to become more accessible for the many which is also in accordance with the requirements set out in the Local Governance Elections (Wales) Act.

Independent Assurance

Audit Wales Annual Audit Summary

The Annual Audit Summary sets out the audit and regulatory work completed by Audit Wales of Flintshire County Council since the last annual report which was published in January 2022. Overall the Auditor General for Wales has reached a positive conclusion. *"The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, as saved by an order made under the Local Government and Elections (Wales) Act 2021."* No formal recommendations have been made during the year.

Our Annual General Meeting of Council was held on 4th May, at which point the five committee Overview and Scrutiny structure was agreed.

Internal Audit Annual Opinion

"For the year ending 31 March 2023, based on the work of the Internal Audit Service has undertaken my opinion is that Flintshire County Council has an Adequate and effective framework of Governance, risk management and internal control". Internal Audit, Performance and Risk Manager, Flintshire County Council

Governance and Audit Committee

The Governance and Audit Committees is a key component of an authority's governance framework. They provide independent and high-level focus on the adequacy of Council's governance, risk, and control arrangements. In accordance with CIPFA's best practice, there is a requirement for the Governance and Audit Committee to be held to account by the Council for the work they undertake. To support this the Governance and Audit Committee presented its Annual Report to Council in January 2023 where it confirmed the Committee had fulfilled its duties in accordance with their Terms of Reference, separately assessed their effectiveness as a Committee and established an action plan to support the Committee, its new members and continuous improvement.

Chief Finance Officer Statement on Compliance with the Financial Management Code

The CIPFA Financial Management Code (CIPFA FM Code) sets out the principles by which authorities should be guided in managing their finances. It has been developed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code sets out the specific standards that authorities should, as a minimum seek to achieve.

The Code is based on a series of principles including the CIPFA Statement of Principles of Good Financial Management. These principles are the benchmarks for authorities to measure the effectiveness of their financial management and sustainability to enable authorities to:

- financially manage the short, medium- and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

The specific principles within the code include the elements of Organisational Leadership, Accountability, Transparency, Professional Standards, Assurance, and Sustainability.

Each local authority must demonstrate that the requirements of the Code are being satisfied.

As Section 151 Officer I have the Statutory Responsibility (supported by the Chief Officer Team and Elected Members) for ensuring compliance with the FM Code.

As part of the annual review of the Annual Governance Statement I have reviewed our previous assessment of Flintshire's compliance with the FM Code and I can confirm that in my opinion Flintshire is still compliant with the code in the majority of areas.

This is supported by the Audit Wales Financial Sustainability Review which was undertaken in 2021 which made no recommendations and required no further actions.

However, the assessment recognises that, due to the continuing financial challenges for all local authorities, the following areas will require continual review and improvement:

- A revised indicative funding settlement for 2024/25 is now known requiring the need to urgently prioritise our budget planning requirements.

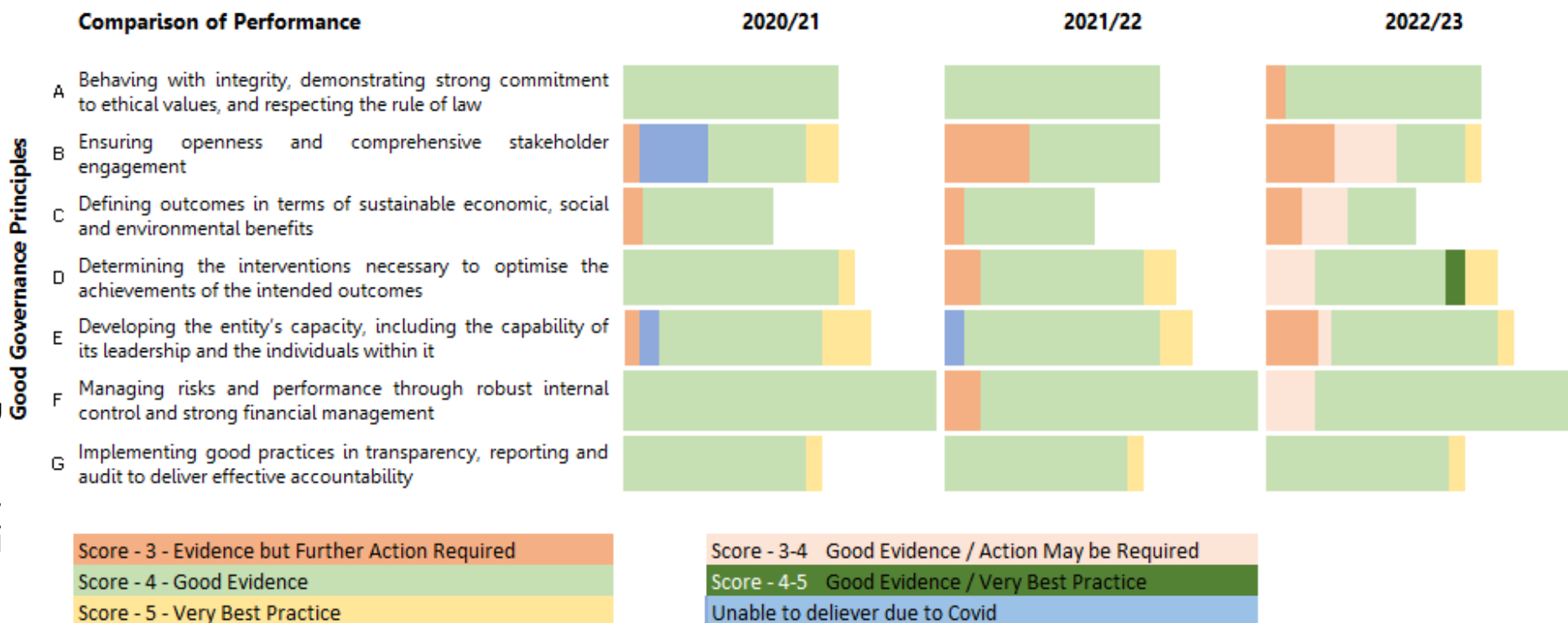
ANNUAL GOVERNANCE STATEMENT

- As part of the above develop the latest Medium Term Financial Strategy and begin considerations early on options for ensuring a sustainable budget including exploring any opportunities for transformation of services over the medium term.
- Ensure compliance with the process for increased engagement for services in contributing to and signing off method statements for both pressures and cost reductions.
- Complete the assessment of the revised CIPFA Prudential Code for Capital to ensure compliance and to ensure future Capital plans are affordable, prudent and sustainable.
- To review and develop a future approach to budget consultation as part of Stakeholder Engagement.

ANNUAL GOVERNANCE STATEMENT

Comparison of the Effectiveness of the Council’s Governance Framework

Page 147



There will not be a separate action for those scored 3-4 if the issue has already been covered by actions to address those scored a 3

Areas of Very Best Practice:

- (D49) Ensuring the achievement of ‘social value’ or ‘community benefits’ through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community over and above the direct purchase.
- (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved.
- (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.

ANNUAL GOVERNANCE STATEMENT

Further Action Required:

- (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation
- (B17, B18, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. Further planning required following the legislation on Local Government and Elections (Wales) Act 2021
- (C29, C32) Delivering defined outcomes on a **sustainable** basis within the resources that will be available and considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
- (E51, E53, E57, E61) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.
- (F66, F73, F74) An Internal Audit review of the risk management framework and risk register was undertaken during 22/23 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward.

The Main Themes Identified for Improvement for 2022/23

The Council is facing ever more challenges as an organisation due to the continued low level of funding received and the increasing challenges it faces with workforce resilience. The recruitment market following the pandemic is a very different one and the Council is no longer able to compete resulting in many vacancies and the loss of key staff. This combined with increasing aging population and the demand for services is proving challenging not only whether the same level of services can be delivered but how improvements to service delivery can be made.

Taking this into context the Corporate Governance Working Group during 2022/23 reviewed the Council's position against the 7 Good Governance Principles and the 94 Sub Principle. In May 2023 a workshop was undertaken with members from the Governance and Audit Committee to review the Annual Governance Statement scoring in relation to the Good Governance Principles.

Furthermore, an Annual Governance Questionnaire was provided to Cabinet and Chairs and Vice Chairs of Overview and Scrutiny Committees, with the aim of the questionnaire being to determine if Members agreed with the themes that had been identified as areas for improvement.

The four themes identified for improvement are;

- **Improvement in Internal and external stakeholder engagement, consultation and participation**
 - Enhanced decision making to ensure the most appropriate course of action is taken.
 - The ability to receive and use feedback to shape service improvement, including improved complaints handling.
 - Ensuring inclusivity with stakeholder groups and encouragement of public participation.
 - Improved social media presence.
- **Development of the Integrated Impact Assessments (IIAs)**
 - This will ensure FCC assess the impact of their decisions and policies on equality groups, the environment, the economy, and other areas of interest prior to policy / strategy changes.
- **Sustainability of Resources and Resilience of Workforce**
 - Effectively managing service expectations with the resources available with all stakeholders especially
 - Developing and retaining the workforce capacity, recruitment and retention following a pay modelling review.
 - Increase the use of the Welsh language within the workforce.
- **Members Training due to the high intake of new members**
 - Enhanced decision making and challenge process through focused training, facilitated sessions between Chief Officers and Members and the establishments of the action plan.

ANNUAL GOVERNANCE STATEMENT

Five questionnaires were completed by members and of those five questionnaires all members were in agreement with the four themes identified for improvement, stating that;

- Making improvements within these themes will lead to enhanced decision making and shape service improvements
- Develop and retain the workforce capacity is at the crux of service delivery
- It is of paramount importance that all new Members and also employees are provided with relevant training on their roles and responsibilities
- Increasing the use of Integrated Impact Assessments being completed will ensure that Flintshire County Council assesses the impact of any decision made
- All Members agreed that the Welsh language is of great importance and that there needs to be an increase in the use of the language within the workforce

Key Principles of the Corporate Governance Framework

We aim to achieve a good standard of governance by adhering to the seven key principles of the CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities, which form the basis of the Local Code of Corporate Governance. In the following section we have defined how we achieve the standard against the seven key principles which are:

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Principle B	Ensuring openness and comprehensive stakeholder engagement
Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
Principle F	Managing risks and performance through robust internal control and strong public financial management
Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability

ANNUAL GOVERNANCE STATEMENT

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

Sub Principles	How we do this / How we achieve this
Behaving with Integrity	<ul style="list-style-type: none"> The behaviour and expectations of Members and Officers are set out in our Codes of Conduct, Constitution, and a suite of policies and procedures Codes of Conduct for Members and Officers specify the requirements around declarations of interests formally and at the beginning of meetings, gifts and hospitality etc We take fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences Compliance with policies and protocols e.g. Contract Procedure Rules Enhanced profile of Internal Audit
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer Our recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations Application of the corporate operating model; working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives
Respecting the rule of law	<ul style="list-style-type: none"> We ensure that our Members and Officers fulfil legislative and regulatory We ensure that the full use of the Council powers are optimised by regular challenge and keeping abreast of new legislation to achieve corporate priorities have an Effective Anti-Fraud and Corruption framework Our Monitoring Officer is responsible for ensuring the Council complies with the law and avoids maladministration. Our Constitution and Democratic Services Committee promotes high standards of conduct which are monitored by the Standards Committee

Page 152

Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> Open decision making on the basis of evidence and the sub principles within Principle A is at the heart of the standard form of reporting that is made to the Council, Cabinet and committees 	<ul style="list-style-type: none"> (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation

ANNUAL GOVERNANCE STATEMENT

Principle B - Ensuring openness and comprehensive stakeholder engagement

Sub Principles	How we do this/how we achieve this
Openness	<ul style="list-style-type: none"> • Committed to having an open culture, demonstrated through accessible website, policies and procedures and open environment meetings. <ul style="list-style-type: none"> ○ The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement. Consultation principles ○ Formal and informal engagement models with employees and communities e.g. alternative delivery models Member workshops ○ County Forum (Town and Community Councils) ○ Positive engagement with Trade Unions both formally and informally
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • We engage effectively with stakeholders to ensure successful and sustainable outcomes by: <ul style="list-style-type: none"> ○ Effective application and delivery of communication strategies to support delivery ○ Targeting communications and effective use of Social Media (limited currently) ○ Effective stakeholder engagement on strategic issues ○ Service led feedback questionnaires and events • Effective use of resources and achievement of outcomes is undertaken by the Council both through informal and formal partnerships: <ul style="list-style-type: none"> ○ Extensive range of partnerships to support the delivery of the Council's strategic priorities, including the Public Services Board ○ Open and productive partnership arrangements supported by an effective governance framework ○ Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers
Engaging stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • The achievement of intended outcomes by services is supported by a range of meaningful guidance on consultation engagement and feedback techniques with individual citizens, service users and other stakeholders • We have structures in place to encourage public participation governed through the Communication and Social Media Policies. These include the following (but not all have been possible during the last year because of Covid restrictions; E-newsletters, The Council's website, Tenants Forums, Service user groups, Quality circles, Use of infographics

Page 153

Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> • Formal and informal partnerships from strategic levels (PSB) to operational partnerships (Community Endowment Fund / Regional Armed Forces Partnership) • The joint Flintshire and Wrexham Public Services Board / North Wales Research and Insight Partnership continue to work well • Good management relationship with external partners • Opportunities for discussions and debates ensures the Council has a range of views and perspectives, which are considered when making decisions and provides real value 	<ul style="list-style-type: none"> • (B17, B18, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. A formal Customer and Engagement Strategy is required and will be a key priority for the new Customer Services and Engagement Manager (a new post which has been devised in 2023).

ANNUAL GOVERNANCE STATEMENT

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub Principles	How we do this/how we achieve this
Defining outcomes	<ul style="list-style-type: none"> • We have a clear vision describing the organisation’s purpose and intended outcomes which is achieved through: <ul style="list-style-type: none"> ○ Linking of vision and intent to the MTFS ○ Service Planning consideration including sustainability of service delivery • Risk Management is applied consistently at all levels ensuring consistent application of risk process and terminology • The development of the County’s Well-being Plan and delivery of the Public Services Board’s priorities ensure that public services work effectively together to add value • Annual Performance Report contains recommendations of improvements or area of priority working for the following year
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • When deciding future service provision we take a longer-term view, balancing the economic, social, environmental impact along with the wider public interest. This is supported by: <ul style="list-style-type: none"> ○ Longer term business planning and budgeting using effective forecasting models ○ Multi-disciplinary approach to policy development delivering defined outcomes and ensuring fair access to services ○ Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts ○ Communication plans for public and community engagement

Page 154

Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> • Member workshops/briefing sessions • In addition to the normal budget management process significant monitoring took place to manage the additional expenses / funding received / reallocation of resources to support the budget pressures – corporate events/meetings with portfolios regarding budget pressures • The Public Services Board has drafted its Well-being Plan 2023 to 2028 Consultation document and is now seeking comments ahead of publishing the final version, to improve local well-being in the area, supporting the achievement of the seven well-being goals for Wales as part of The Well-Being of Future Generations (Wales) Act 2015. 	<ul style="list-style-type: none"> • (C29) Delivering defined outcomes on a sustainable basis within the resources that will be available and managing service expectations effectively with stakeholders and Members • (C32) Considering and balancing the combined economic, social, and environmental impact of policies, plans and decisions when taking decisions about service provision

ANNUAL GOVERNANCE STATEMENT

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

Sub Principles	How we do this/how we achieve this
Determining interventions	<ul style="list-style-type: none"> • Full engagement with Members on a longer-term basis e.g. Medium Term Financial Strategy (MTFS), Council Plan, Business Planning and other key workforce strategies e.g. digital and procurement • The MTFS and budget setting process provides opportunities for all public, stakeholders to be engaged in considering options. • Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways • Clear option appraisals, including the use of forecasting models, to ensure best value is achieved • Regular budget monitoring for each Portfolio • Application of Integrated Impact Assessments
Planning interventions	<ul style="list-style-type: none"> • We established and implemented robust planning and control cycles covering response and recovery through Emergency Management Response Team • We applied the risk management principles when developing the Recovery Strategy and Portfolio Business Recovery Plans • Regular monitoring of business planning, efficiency and reliability including feedback • Service performance is measured by establishing a range of local indicators, which are regularly monitored, reported and used for recovery monitoring
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Resource requirements are identified through the business planning process, including any projected shortfall in those requirements. • Regular engagement and ownership of the budget process is undertaken through the Chief Officer Team and in consultation with Members through workshops and the scrutiny process • Social values are achieved through the effective commissioning of services and compliance with Council procedures • Consultation and engagement events, particularly relating to ongoing decisions on significant service delivery issues or to changes in the external environment set the context for the MTFS for both residents and employees

Page 155

Areas of Very Best Practice 2022/23 (Score of 5)	Areas of Good Evidence 2022/23 (Score of 4)
<ul style="list-style-type: none"> • (D49) Ensuring the achievement of 'social value' or 'community benefits' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community over and above the direct purchase. 	<ul style="list-style-type: none"> • Ensuring social value through Council activity and procurement is established practice, for which the Council is renowned • The use of historical data to inform the MTFS and looking forward in terms of what the future landscape for services may be and applying a risk-based approach to decision making around the budget setting process

ANNUAL GOVERNANCE STATEMENT

Principle E - Developing our organisations capacity, including the capability of our leadership and the individuals within it

Sub Principles	How we do this/how we achieve this
Developing our organisation's capacity	<ul style="list-style-type: none"> • We review our operations, performance, and use of assets on a regular basis to ensure their continuing effectiveness through service delivery reviews, performance and risk management and Programme Boards' development and monitoring • We review the sufficiency and appropriateness of resource allocation through techniques such as benchmarking internally against previous performances and to support internal challenge, and normally externally to identify improvement opportunities • Benefits of collaborative and partnership working both regionally and nationally to ensure added value is achieved by linking services and organisation priorities to partnership working • Develop and maintain the workforce plan to enhance the strategic allocation of resources and future workforce and succession planning
Developing the capability of our organisation's leadership and other individuals	<ul style="list-style-type: none"> • Effective shared leadership which enables us to respond successfully to changing external demands and risks is supported by a range of management and leadership development programme, run in partnership with Coleg Cambria <ul style="list-style-type: none"> ○ The Leader of the Council and the Chief Executive have clearly defined and distinct leadership roles • Individual and organisational requirements are supported through: <ul style="list-style-type: none"> ○ Corporate induction for new employees to the Council and service specific inductions for employees in new jobs ○ Opportunities for continued learning and development for employees ○ A comprehensive range of learning and development opportunities available ○ Feedback and shared learning to the organisations both through reports and interactive sessions such as the Senior leaders 'Academi' • Support and maintain physical and mental wellbeing of the workforce, via our in-house Occupational Health Service, Care First (Employee Assistance Programme) and a range of internal training and awareness sessions to support mental, financial and physical health related issues.

Page 156

Areas of Very Best Practice 2022/23 (Score of 5)	
<ul style="list-style-type: none"> • (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved. 	
Areas of Good Evidence 2022/23 (Score of 4)	
<ul style="list-style-type: none"> • Partnership and collaborative working – locally, regionally and nationally • Service specific inductions continue to take place 	<ul style="list-style-type: none"> • Lead on regional partnerships e.g. residual waste project • Strong recognition of the wellbeing of employees and support networks provided
Areas Identified for Further Improvement 2022/23 (Score of 3)	
<ul style="list-style-type: none"> • (E51) Improving resource use through appropriate application of techniques such as benchmarking and other options to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently. • (E53) Developing and maintaining an effective workforce plan to enhance strategic allocation of resources following the pay model review • (E57) Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes • (E61) Ensuring that there are structures in place to encourage public participation 	

ANNUAL GOVERNANCE STATEMENT

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

Sub Principles	How we do this/how we achieve this
Managing risk	<ul style="list-style-type: none"> The Council has clear and concise risk management framework. There are a number of risk registers which are reported regularly which outline the risks faced by the Council and its service areas. These all include, current risk ratings and target risk ratings supported by mitigation comments
Managing performance	<ul style="list-style-type: none"> Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against recovery objectives Members are clearly and regularly informed of the financial position and implications including environmental and resource impacts
Robust internal control	<ul style="list-style-type: none"> Internal Audit provides the Council, through the Governance and Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of the Council's internal control, risk management, governance arrangements and associated policies. We are dedicated to tackling fraud as detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy
Managing data	<ul style="list-style-type: none"> We have effective strategic direction, advice and monitoring of information management with clear policies and procedures on personal data and provide regular training to ensure compliance with these We have appropriate Information Sharing Protocols in place in respect of all information shared with other bodies The quality and accuracy of data used for decision making and performance monitoring is supported by guidance from a range of professional bodies Internal Audit review and audit regularly the quality and accuracy of data used in decision making and performance monitoring
Strong public financial management	<ul style="list-style-type: none"> Our Financial management arrangements support both the long-term achievement of outcome and short-term financial performance through the delivery of the MTFS Setting a prudent Minimum Revenue Provision for the repayment of debt The integration of all financial management and control was reviewed as part of the finance modernisation project

Page 157

Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> Maintained performance monitoring at mid and end of year The new Performance and Risk Management System (InPhase) continues to be further developed and improved upon 	<ul style="list-style-type: none"> (F66) Embedding the risk management framework (F73) Continuing to align the risk management framework and policies on internal control with achieving the Council's objectives

ANNUAL GOVERNANCE STATEMENT

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

Sub Principles	How we do this/how we achieve this
Implementing good practice in transparency	<ul style="list-style-type: none"> • We recently improved the layout and presentation of our reports in order to improve the presentation of key information to decision-makers and monitor this regularly • We are mindful of providing the right amount of information to ensure transparency • A review of information sharing protocols has been undertaken and new principles adopted
Implementing good practices in reporting	<ul style="list-style-type: none"> • We report at least annual on the achievement and progress of our intended outcome and financial position. This is delivered through the Annual Performance report assessing performance against the Council Plan • Progress against the Well-being Plan • Annual Statement of Accounts • Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance
Assurance and effective accountability	<ul style="list-style-type: none"> • Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include: <ul style="list-style-type: none"> ○ Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council’s control, risk management, and governance framework. To allow this Internal Audit has direct access to Chief Officer and Members of the Council ○ All agreed actions from Internal Audit reviews are monitored regularly through monthly reports to Chief Officers and each Governance and Audit Committee ○ Any ‘limited/red’ assurance opinions are reported to Governance and Audit Committee in full and progress monitored closely ○ Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery ○ Through effective commissioning and monitoring arrangements and compliance with Council’s procedures, we gain assurance on risk associated with delivering services through third parties and any transitional risks ○ Reports are presented to Cabinet and an annual report to Governance and Audit Committee of external feedback from regulatory work and peer reviews along with the Council’s responses

Page 158

Areas of Very Best Practice 2022/23 (Score of 5)	Good Evidence 2022/23 (Score of 4)
<ul style="list-style-type: none"> • (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations 	<ul style="list-style-type: none"> • Open and embracing attitude / good evidence. Increased working through the workshops for all regulatory bodies in early 2021 to give an overview of suggested plans and areas of work

ANNUAL GOVERNANCE STATEMENT

How Have We Addressed the Governance and Strategic Issues From 2021/22 AGS?

The 2021/22 Annual Governance Statement contained 8 governance and 9 strategic issues. Of these areas:

- One Internal Governance issues were closed and detailed within the table below;
- Two Internal Governance issues have been reduced to green with almost all actions completed. This is detailed within the table below;
- Seven Internal Governance issues remain open and these are included within the 2022/23 actions;
- None of the strategic issues were closed from the 2020/21 AGS and remain in place for 22/23;
- Two strategic risks were reduced in score due to the mitigation actions in place;
 - i) from red to amber; and
 - ii) from red to green

Progress Updates For Significant Governance Issues Reported in the 2021/22 AGS

The review of the effectiveness of the Council's governance framework identified nine strategic issues during 2021/22. Progress updates of how the risk has been addressed and if it remains open is provided below:

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(B17, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. Further planning required following the legislation on Local Government and Elections (Wales) Act 2021	An action plan is being developed to make improvements in the coming year a review of the Council's Consultation Strategy.	Open	Following a service review in late 2022, a new Customer Service and Communications Manager is expected to be appointed early in the new year. A priority will be to develop a Consultation and Engagement Strategy for the Council, working alongside the Communications Officer. The intention of the strategy is to have a clear and consistent approach to consultation and engagement across all services which will enable better sharing of customer insight. The strategy will act as a toolkit to assist services to consult and engage with communities successfully.	Amber

ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(C30) Identifying and managing risks to the achievement of outcomes.	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	Open	This is in progress. The Revised Risk Management Framework has been approved by Governance and Audit committee in November 2022, shared with Officers and available on the Council's Infonet. Officers are currently reviewing their risks in line with the new framework. These will be transferred onto the new Business Planning, Performance and Risk Management System.	Amber
(D39) Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered.	In relation to the Public Services Board, improvements could be made to ensure greater engagement of internal and external stakeholders in determining interventions which would provide greater synergy between the strategic partnership and operational delivery	Open	This has been undertaken and employees of PSB organisations have been advised of the consultation on the draft plan to get involved. The consultation was also open to other stakeholders and conducted in line with statutory guidance. The Well-being Plan is in the final stages of completion and approval by the statutory PSB members. The PSB will then look to engage colleagues from across the partner organisations to form working/action groups to ensure achievement of the PSB well-being objectives.	Green
(D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks.	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	Open	The Council works closely with ADMs and some of the Community Asset Transfers (CAT) and through this any risks will be identified and monitored. Capital Programme and Assets are looking to enhance risk recording and monitoring so this may sit with that in future. This requirement has also been included within the review Risk Management Framework	Amber
(F66, 73, 74) An Internal Audit review of the risk management framework was	Full Action Plan has been developed and shared with	Closed	Complete – Action plan presented, and the New Risk Management Framework approved by Governance and Audit Committee in November 2022.	Green

ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
undertaken during 21/22 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward.	Governance and Audit Committee in June 2022			
Red / Limited Assurance Audit – Drury Primary School	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	Open	One action remains partly outstanding. This relates to the establishment of a rental agreement. Revised due date 30 June 2023.	Green
Red / Limited Assurance Audit – Homelessness and Temporary Accommodation	Full Action Plan has been developed and shared with Governance and Audit Committee in March 2022	Open	Work is ongoing to address these issues however to date all actions remain open. The implementation of actions has been impacted on the available resources within the service.	Red
Red / Limited Assurance Audit – Contract Management: Residential Development	Full Action Plan has been developed and shared with Governance and Audit Committee in November 2021	Open	Work is ongoing to address these issues. Two actions have been implemented. The officers from the Service attended Governance and Audit Committee in November to provide members will a progress update.	Amber

ANNUAL GOVERNANCE STATEMENT

Progress Updates For Significant Strategic Issues Reported in the 2021/22 AGS

The review of the effectiveness of the Council’s governance framework identified nine strategic issues during 2021/22. Progress updates of how the risk has been addressed and if it remains open is provided below:

Strategic issues for 2021/22	Current Risk Rating	Mitigation Actions	Current Status	Progress Update	Progress RAG
<p>CF05 – An increase in the level of debt owed to the council</p>	<p align="center">Amber</p>	<ul style="list-style-type: none"> • Collection of income continues • Active engagement with taxpayers, tenants, customers and businesses to offer flexible arrangements • Enforcement has begun for taxpayers and tenants who are falling into debt and not made any contact with us • Risk is being taken into account in the review of the Medium-Term Financial Strategy (MTFS) including a review of the adequacy of levels of bad debt provision across the Council • Additional funding (circa £1.05m) from Welsh Government to compensate for losses of 2020/21 council tax collections is helping to provide financial resilience as we enter the recovery phase 	<p align="center">Open</p>	<p>Debt Recovery work is ongoing and is targeted at those households and businesses who are falling into arrears in excess of two months of payments.</p> <p>Where necessary, legal action through the courts is being taken on a monthly basis.</p> <p>Council Tax Collections are very marginally lower than collections in the previous year (i.e. 0.2% lower) but reflect the ongoing cost-of-living crisis and the impact on households and businesses.</p>	<p align="center">Amber</p>

ANNUAL GOVERNANCE STATEMENT

<p>CF14 - Increase in rent arrears impacts on the stability of the Housing Revenue Account (HRA) Business Plan</p>	<p>Red</p>	<ul style="list-style-type: none"> • Regular weekly monitoring of the financial impact by the Housing Rents team to track in-year rent collection levels and compare to previous year • Continued use of Mobyssoft 'Rent Sense' to identify early arrears cases to allow the team to engage with and support these tenants by signposting to the support that may be available for the payment of Housing Rents • Reporting impacts to Financial TCG on a regular basis • Regular referral of cases to an officer led Case Review Panel to ensure all housing interventions are coordinated and cases at risk of homelessness are tracked by all teams • Increase of resource levels to support the work in rent income service 	<p>Open</p>	<p>Collection of housing rent arrears remains challenging for the service given the cost-of-living crisis has a disproportionate impact on residents who have limited scope and financial resilience to meet the rising costs of living.</p> <p>The mitigation actions are continuing to control, where possible, the rising levels of arrears, as well as supporting tenants and preventing homelessness.</p> <p>Rent Arrears, on average, are £250k higher than in the previous financial year.</p>	<p>Red</p>
<p>CW10 - Impacts of the third wave in the pandemic on the continuous availability of key workers to operate services in a further response phase</p>	<p>Green</p>	<ul style="list-style-type: none"> • Key workers will be invited to attend for a flu vaccine when they are available 	<p>Open</p>	<p>Occupational health attended 86 venues (Schools, Alltami, Ty Dewi Sant and Llwynegrin) and delivered 2,645 vaccines between 14 September and 1 November 2022. As part of a pre-agreed, partnership approach, they also co-delivered COVID booster vaccines with BCUHB at Ty Dewi Sant.</p>	<p>Green</p>

ANNUAL GOVERNANCE STATEMENT

<p>EY01 - Secondary schools are not financially viable due to insufficient base funding</p>	<p>Red</p>	<ul style="list-style-type: none"> • Risk associated with insufficient base budgets for secondary schools included in the MTFS. • Funding Formula review. 	<p>Open</p>	<p>Additional funding allocated to support schools in a deficit position in the 2021/22 budget. This recurring budget is being used to target support to Secondary Schools in deficit.</p>	<p>Amber</p>
<p>EY06 - Insufficient funding to deliver new archive premises</p>	<p>Red</p>	<ul style="list-style-type: none"> • Regular progress monitoring meetings between the Archive Project Board of senior officers and political leaders. • Cabinet and Executive support for the bid to National lottery Heritage Fund with formal commitment to provide capital funding to top up the scheme from both Flintshire and Denbighshire. • Effective project management ensuring the project is progressing within budget and timescales. • Revise project to reduce costs, develop further applications to the Wales Lottery Heritage Fund and explore other funding streams (Stage 1 bid submitted to the National Lottery Heritage Fund was unsuccessful. This has created a significant financial shortfall of £8.5m) • 	<p>Open</p>	<p>The Archive Project Board of Flintshire and Denbighshire officers and cabinet members continue to work towards securing funding for this project. Reports to both Cabinets will be presented later in the Spring which will provide a detailed overview of the capital proposal and potential future bids to the National Lottery Heritage (Wales) Fund.</p>	<p>Red</p>

ANNUAL GOVERNANCE STATEMENT

<p>HA06 - Impacts on income stream based on delayed/non recovery of housing benefit overpayment</p>	<p>Red</p>	<ul style="list-style-type: none"> Financial monitoring – Budget and Income Contacting customers to arrange to repayment plans at a level which suits their new income Offering customers support and advice to claim available benefits 	<p>Open</p>	<p>Recovery for 2022/23 closed as £387,664.52. This was below the £450k target and it is highly likely they will stay this way for this financial year.</p> <p>Recovery is still at a slower rate than pre-pandemic, partly due to the current financial situation and rising cost of living, but also due to the reduction in the Housing Benefit Caseload and staff resource being diverted to support other service pressures.</p> <p>It is also important to note there has been a significant decrease in the value of HB Overpayments being created so it is inevitable that the value recovered would also decrease. The target of £450k is therefore much harder to achieve now than it was in 2019/20 when £839,396 of HBOP was created.</p>	<p>Red</p>
<p>ST24a - Unable to progress with key infrastructure improvement projects due to resilience in staff, contractors and supply chain</p>	<p>Red</p>	<ul style="list-style-type: none"> The service is continuing to see an issue in the supply chain to progress infrastructure projects. This is resulting in delays to schemes however the overall impact of progress is not resulting in project failure. Each grant funded project is given a project team to control delivery within specified timescales. Additional partners (consultants; WRAP) have been engaged in projects to support staff with delivery. 	<p>Open</p>	<p>The situation with regards to supply chain issues hasn't changed due to the current market conditions. In addition, our current staffing situation also hasn't improved however, this is also national problem and not specific to Flintshire.</p> <p><i>This is now classed as an operational risk and not a Strategic risk following the review of all Portfolio Risks.</i></p>	<p>Red</p>
<p>SS01 - Expenditure on out of county placements increases as placement costs increase in a demand led market</p>	<p>Red</p>	<ul style="list-style-type: none"> Develop in house residential care services for children with complex needs who would otherwise need to be placed out of county. 	<p>Open</p>	<p>We are on track for three in-house Residential Care Homes to become registered by 31/3/23 – subject to CIW approval and processing times.</p>	<p>Amber / Red</p>

ANNUAL GOVERNANCE STATEMENT

Page 166

		<ul style="list-style-type: none"> • Grow our in-house fostering service to support more looked after children within Flintshire. 		<p>The expansion of in house fostering includes approval of two general foster carers with a further three going through assessment. Three connected persons have been approved, with four being provided temporary approval.</p> <p>The Special Guardianship Orders (SGO) service has grown in strength with a further five SGO's granted and three cases with court dates pending.</p> <p>The market development element of this risk is Amber however, the risk to the budget remains Red</p>	
<p>SS29 - Insufficient capacity in the social care workforce (social work and occupational therapy) is a risk to the reputation of the Council and its ability to fulfil its statutory and essential functions with respect to social care</p>	Red	<ul style="list-style-type: none"> • We are experiencing significant challenges in workforce recruitment within a highly competitive market, where people are choosing other, often better paid, career choices. A regional and local analysis of the underlying issues and actions to mitigate has been developed and will require national support and funding as well as local action. • Project team meets fortnightly and reports to the Portfolio Programme Board. • In the short term we have moved to a 12-month market supplement for Level 3 Childcare Social Workers. 	Open	<p>A social work review has taken place aimed at developing a structure that supports recruitment and retention. Subject to final consultation the new framework will be implemented in February 2023 and provide an exit strategy for the market supplement for level 3 childcare social workers. A comprehensive marketing campaign has been designed to support recruitment. Until vacant posts are filled workforce pressures remain and we are reliant on agency social workers to support the delivery of statutory functions.</p>	Red

ANNUAL GOVERNANCE STATEMENT

What are the Governance Issues Identified During 2022/23?

The review of the effectiveness of the Council’s governance framework identified one internal governance issue during 2021/22. Details of how the issue has been addressed and if it remains open is provided below:

Page 167

Internal Council Governance issues for 2022/23	Mitigation Actions
<ul style="list-style-type: none"> (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation 	<ul style="list-style-type: none"> Action plan for to enhance new Members understanding of their role Workshop for Members To provide relevant training and learning opportunities
<ul style="list-style-type: none"> (B17, B18, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. Further planning required following the legislation on Local Government and Elections (Wales) Act 2021 	<ul style="list-style-type: none"> Appointment of Customer Services and Engagement Manager Creating a Customer and Engagement and Public Participation Strategies Improving the Council’s presence on social media platforms Use of Council’s complaints and feedback for continued service improvement
<ul style="list-style-type: none"> (C29, C32) Delivering defined outcomes on a sustainable basis within the resources that will be available and considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. 	<ul style="list-style-type: none"> Review of the pay model Integrated Impact Assessments to be utilised and happen consistently across all portfolio’s Review the challenges with vacancy management
<ul style="list-style-type: none"> (E51, E53, E57, E61) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently. 	<ul style="list-style-type: none"> Develop the use of APSE Career conversation to form part of the appraisal A review of the Member Development
<ul style="list-style-type: none"> (F66, F73,) An Internal Audit review of the risk management framework and risk register was undertaken during 22/23 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward. 	<ul style="list-style-type: none"> Continue to embed the Risk Management Framework The development and implementation of InPhase continues Roll out of the E-learning risk management training module

ANNUAL GOVERNANCE STATEMENT

What are the Strategic Issues Identified During 2022/23?

The review of the effectiveness of the Council’s governance framework identified 28 strategic issues (Red Risks) during 2022/23. Details of how the issue has been addressed and if it remains open is provided below:

Strategic Issues for 2022/23	Mitigating Actions
EY01 - Secondary schools are not financially viable due to insufficient base funding and falling pupil numbers	<ul style="list-style-type: none"> • Challenge and support meetings with Headteacher/School Business Manager and regular budget monitoring sessions with schools to confirm adherence to licensed deficit protocol • Financial Performance Monitoring Group meetings • Schools’ pupil funding Formula review • Local Authority approval mechanisms for recruitment in schools with budget deficits
EY06 - Insufficient funding to deliver new archive premises	<ul style="list-style-type: none"> • Archive Project Board of senior officers and political leaders meets regularly to monitor progress of the bid • Cabinet and Executive support for the bid to National Lottery Heritage Fund (NLHF) with formal commitment to provide capital funding to top up the scheme and reporting through the Cabinet cycle • Effective project plan, project risk registers and Project Manager in place ensures project is progressing within budget and timescales with regular reports to Archive Project Board to track progress • Effective working with the Museums and Libraries Division of Welsh Government who are providing expert advice • Support from The National Archive for the bid and partnership working in place – gives the bid credence. The project is fully supported by Welsh Government and The National Archive • Expert consultant procured with significant expertise in developing heritage funding bids
EY13 - Inability to fully deliver on Welsh Government's Sustainable Communities for Learning Programme due to financial, workforce and contractor implications	<ul style="list-style-type: none"> • Effective project plans, project risk register and Project Officers in place ensure projects are progressing within budget and timescales with regular reports to Education programme and Capital and Assets Programme Boards to track progress • Regular reporting and dialogue with Welsh Government • Regular dialogue with North Wales Construction Partnership contractors and supply chain

Page 168

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
EY36 - External Grants for Revenue Expenditure	<ul style="list-style-type: none"> Monitoring through monthly Portfolio Finance Meetings; Education programme Board
CG02 - Significant Loss of Corporate data and systems due to security / environmental / Technical incident	<ul style="list-style-type: none"> Maintain a valid PSN and prepare for Cyber Essentials Accreditation. Participation in National Security Groups, such as Warp, and constant review of National Cyber Security Centre guidance. Use of Citrix technologies provides a secure environment which delivers the majority of our business systems. Maintain a second active datacentre allows for the continual provision of critical systems. Utilise strong security controls, vulnerability management and delivery mechanism to reduce this risk. Development of Cyber incident response and recovery plan. Regular review and testing of IT Disaster Recovery Plan. Identify list of critical business applications. Complete full review on IT Security Policies Risk is being taken into account in the review of the Medium-Term Financial Strategy (MTFS) including a review of the adequacy of levels of bad debt provision across the Council Additional funding (circa £1.05m) from Welsh Government to compensate for losses of 2020/21 council tax collections is helping to provide financial resilience as we enter the recovery phase
CC01 – Non-compliance of the Welsh Language Standards	<ul style="list-style-type: none"> Commitment to advertise Welsh language as an essential skill first time when recruiting to frontline posts to ensure compliance with Welsh Language Standards and Welsh speakers can access services in their preferred language Recruit a percentage of fluent Welsh speakers
GO10 - Failure to meet agreed deadlines within the Digital Strategy	<ul style="list-style-type: none"> Investigate the potential for automation to free up resource within the IT Service. Continue with the DSB prioritisation process to reduce burden at any one time.
CF14 - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	<ul style="list-style-type: none"> Continuous review of Bad Debt Provisions for Housing rents Provision rates are set high for aged debt; therefore, it is assumed that the provision calculations are adequate at this stage, but this will be reviewed regularly" Fortnightly case review panel to identify and track cases of serious arrears and identify and coordinate responses across the portfolio

ANNUAL GOVERNANCE STATEMENT

Page 170

Strategic Issues for 2022/23	Mitigating Actions
<p>NR03 - The Council is unable to meet its homelessness statutory obligations due to shortages in staff, budgetary pressures, and lack of available accommodation</p>	<ul style="list-style-type: none"> • Monitor demand for homeless services with a view to informing workforce, prevention activities and homeless accommodation planning • Monitor levels of emergency accommodation with a view to informing workforce, move-on activities and homeless accommodation planning
<p>NR04 - The Council does not have access to sufficient/adequate/ right type of housing supply to meet the demands of those individuals on the common housing register and due to the increase in the levels of homelessness.</p>	<ul style="list-style-type: none"> • Monitoring Common Housing Register data to ensure the Local Authority has strategic oversight for housing needs to include future build plans and redevelopment of housing stock and/or future policy changes • Ensure Common Allocations Policy adhered to when assessing housing needs and eligibility for Common Housing Register • Use Common Housing Register data to inform Housing Strategy and redevelopment and new build plans for affordable housing as annually through the Housing Prospectus • Monitor notices from within the private sector resulting in homeless presentations to inform future engagement strategies for landlords and agents and scope for purchase options on the back of recent changes from Welsh Local Government Association (WLGA) on the Social Housing Grant (SHG) programme • Monitor expenditure on homeless emergency accommodation with a view to informing financial risk and MTFS / budget planning
<p>NR05 – Delays in pre-construction process due to planning and Sustainable Drainage Approval Body (SABS) applications</p>	<ul style="list-style-type: none"> • Monitor programme deliverables in line with agreed timescales and budget. • Delivery risks to be highlighted at regular intervals to Housing Programme Board, Assets Board and Chief Officer of Housing and Communities and any mitigating actions identified and implemented. • Key milestones in pre-construction to be monitored on a scheme-by-scheme basis with the development teams for Flintshire County Council (FCC) projects and Registered Social Landlords (RSL) partners for the PDP (Planned Development Programme). These will be WLGA technical approval, planning approval, SABS approval, contractor appointment and scheme approval. • Mitigations will be realistic time assumptions for SABS, WLGA technical approval and planning processes, resource, redeployment to address “pinch points” and adjustment to PDP to bring forward alternative schemes to maximise SHG allocations to FCC.
<p>HA06 - Impacts on income stream based on delayed/non recovery of housing benefit overpayment</p>	<ul style="list-style-type: none"> • Financial monitoring – Budget and Income • Contacting customers to arrange to repayment plans at a level which suits their new income • Offering customers support and advice to claim available benefits

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
<p>PE12 - The implications of Ash Dieback on finances and reputation of the Council due to the scale of the problem and the ability to make safe trees on or adjacent to Highways and Council amenity land which pose a risk to life or property</p>	<ul style="list-style-type: none"> • The timetable has been revised for planned surveys that could not be carried out whilst in lockdown to make best use of the limited survey window between July and September and to enable planned remedial works to be carried out October to February, to make safe those areas identified in the survey. • During the survey period we have established sites that will require further investigation, and this will be built into future work programmes. • Prioritised surveys on Highway Routes and other FCC land with public access and school grounds as areas that have the highest risk rating for injury or damage. • Engaged with external Legal Counsel to advise on Ash Die Back plan, Risk Assessments and inspection regime, to test for appropriateness and reasonableness.
<p>PE33 - Prevent delays in development proceeding by mitigating the impact of Phosphates</p>	<ul style="list-style-type: none"> • The Local Development Plan (LDP) has a backstop policy (EN6) to ensure that new development cannot be improved without suitable mitigation being identified and/or put in place. • The Dee Catchment Phosphorous Reduction Strategy (DCPRS) measures will be sufficient to allow the Inspector to conclude that the plan can be adopted, but it is critical that the Council then follow this recommendation and adopt the LDP. • Further work is underway to ensure that the Council, as a responsible body under the Habitat Regulations, can identify suitable and deliverable phosphate mitigation. This involves assessing the feasibility of developing wetlands downstream of wastewater treatment works, as well as developing a short-term local action plan to assist developers and the Council to facilitate new development in affected areas of the County. • The Council should agree to be represented on the forthcoming Nutrient Management Board when it is convened (Wrexham CBC taking the lead) and use its membership to engage with other key catchment stakeholders as well as seeking to hold those also responsible for mitigating phosphates to account.
<p>PE34 - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities</p>	<ul style="list-style-type: none"> • The present strategy was produced in 2013 and does not identify areas at risk or an action plan to mitigate this risk. It was produced as a high-level document that mainly identified the respective responsibilities of the Council as Lead Local Flood Authority (LLFA), and those of other flood risk management organisations such as Welsh Water and Natural Resources Wales. • The Council's approach to dealing with flooding and flood risk is presently reactive in the main, responding to the consequences of severe weather events. There is also no single team that deals with all aspect of drainage and flood risk and whilst work is co-ordinated between the Flood Risk Management Team and Street Scene, severe recruitment difficulties in the former team mean that there is currently no internal technical officer capability to deal with the roles of LLFA and SAB.

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
	<ul style="list-style-type: none"> The Council has developed a three year support contract with a specialist Hydrological Consultancy which is allowing the Council to fulfil its SAB role and still respond to its flood investigation role. Even when the Council is successful with internal recruitment, it is recommended that this relationship is maintained in some form or other going forward.
PE42 - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2	<ul style="list-style-type: none"> Discuss progress on SDP with Welsh Government and North Wales LPAs
SS01 –Expenditure on out of county placements increases as placement costs increase in a demand led market.	<ul style="list-style-type: none"> Working with local providers to reshape the residential market Maximising local housing options
SS09 - Insufficient numbers of residential and nursing beds to meet demand because of the long-term fragility and instability of the care home sector and challenges in the recruitment of staff	<ul style="list-style-type: none"> Ensure that ongoing actions are maintained to manage the inherent instability in the residential and nursing care market, including approaches to marketing and recruitment Continue to work with corporate colleagues re. capital investment to support the development of in-house provision for individuals with dementia or learning disabilities, and Extra Care provision Continue to build resilience in the services to maintain and increase the current level of provision Working with providers to identify potential business viability issues due to loss of income as a result of COVID-19 Continue to utilise the additional capacity established in the independent sector as a service response to COVID-19 (The Oaks) Impact assessment of need for additional capacity provided by Ty Treffynnon to continue post-recovery (in house service response)
SS10 - Insufficient capacity to provide the quantities and levels of care to clients at home and in the community because of challenges in recruitment of direct care workers and instability in the care market	<ul style="list-style-type: none"> Utilising the Care@Flintshire portal to promote vacancies Working with providers to establish appropriate fee rates Regional Domiciliary Care Agreement in place Value Based recruitment
SS22 - An insufficient supply of placements leads to young people being placed in unregistered settings	<ul style="list-style-type: none"> Implement Multiagency Support Team to work with families of young people on the edge of care and prevent placement breakdown Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group Develop policies and models to attract new foster carers and expand the type of placements offered Working with local providers to reshape the residential market

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
	<ul style="list-style-type: none"> Maximising local housing options
SS29 - Insufficient capacity in the social care workforce (social work and occupational therapy) is a risk to the reputation of the Council and its ability to fulfil its statutory and essential functions with respect and care	<ul style="list-style-type: none"> The social work staffing structure has been reviewed to provide better opportunities for recruitment and retention and reduce the need for agency staff, with a view to create experience and capacity in the workforce with a competitive pay structure and mitigate the risk of escalating agency costs.
ST-S07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected	<ul style="list-style-type: none"> Undertake a review of the Council Waste Strategy to identify improve service delivery methods to minimise residual waste disposal and increase recycling.
HR09 - The Pay model and associated costing may increase/decrease depending on when a) agreement is reached and b) when the new pay model is implemented due to changes in structure and/or headcount.	<ul style="list-style-type: none"> Pay modelling will be undertaken with an up to date set. An aspirational implementation date is 01/10/2023 to minimise cost in year (half year effect).
HR24 - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel	<ul style="list-style-type: none"> An alternative term time calculation (which applies to those employees who work less than 52.14 weeks a year) was implemented with effect from 1 April 2023. This calculation is deemed to be compliant with the outcome of the Harper Trust and Brazel supreme court judgment and incorporates the permanent increase of one day (pro rata for part-timers) to their annual leave entitlement provided for in the Local Government Services Pay Agreement 2022-23. Other elements (including compensation in lieu of back pay) are being worked through by a joint working group (HR, Finance, TUs)
CF18 - Impact on the stability of the Medium-Term Financial Plan of increases in service demand, high inflation and reduced future Welsh Government Local Government Settlements	<ul style="list-style-type: none"> Regular monitoring of the financial impact across the organisation Analysis of funding support announcements by WG in line with above Reporting impact to Financial TCG on a weekly basis Weekly engagement with Society of Welsh Treasurers (SWT) to gain all Wales position Regular liaison with WLGA contacts re escalation with Welsh Government
CPA01 - Impact of restructuring and efficiency savings over time. Resulting in reduction in HR to point where fulfilling current and increasing service demand is untenable	<ul style="list-style-type: none"> Commission service delivery, with supporting budget Explore different ways of working Review workload/demand and resource

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
CPA12 - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications	<ul style="list-style-type: none"> • Consultants and external specialists commissioned to provide support • ADM/FCC 'Partnership' meetings
CPA13 - Lack of resource to respond swiftly to increasing demand of capital projects with grant funding requiring swift/in-year spend. May result in loss of grant funding and/or high profile project failure	<ul style="list-style-type: none"> • Commissioning services need to challenge via established routes
CPA17 - Impact of workload demand and HR issues on remaining employees	<ul style="list-style-type: none"> • Review services and seek to cease delivery of some • Recruit more employees

* The strategic risks identified for 2022/23 are kept under frequent review and may merge / reference codes change as we move over the new management system *

ANNUAL GOVERNANCE STATEMENT

Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Flintshire County Council

Page 175

Neal Cockerton – Chief Executive

Cllr. Ian B Roberts – Leader of the Council

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1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ

To:
Local Government Directors of Finance
Local Government Finance Policy and
Sustainability Division – Welsh
Government
WLGA

Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

[by-email]

Reference: AMH/DO

Date issued: 23 March 2023

Dear colleague

Local Government – Audit of Accounts 2022-23

- 1 We are about to commence our accounts audit work for all LG bodies. We are therefore taking the opportunity to write to you with some important information on the introduction of a revised auditing standard which fundamentally impacts on how we will undertake your 2022-23 audit.
- 2 Within this letter we consider:
 - the impact of the revised standard;
 - the resultant impact on audit fees; and
 - the timetable for the Audit of Accounts 2022-23 and for future years.

The impact of ISA 315

- 3 Our audits of LG accounts for the year ended 31 March 2023 will be carried out under a revised auditing standard ([ISA 315 \(UK\) Identifying and Assessing the Risks of Material Misstatement \(Revised July 2020\)](#)).
- 4 This revised standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK, regardless of their nature, size or complexity.

- 5 The revised standard will have significant and far-reaching impacts on how auditors undertake audit risk assessments and our overall audit approach.
- 6 In planning our audit, we will be required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approaches will be responsive to each assessed risk.
- 7 **Appendix 1** outlines the key changes and the potential impact on your organisation in terms of information requests from our audit teams.
- 8 The standard has been amended to drive better quality, more effective risk assessments, as well as to promote greater exercise of professional scepticism. It also requires us to obtain a much more robust understanding of an organisation's IT systems.
- 9 Financial reporting frameworks and governance structures are becoming increasingly more complex while technology continues to play a more advanced role in the control environment of entities. These changes require risk identification and assessment to be enhanced and rigorous audit processes.
- 10 The previous standard did not address automated tools and techniques, which are increasingly being used by auditors to inform risk assessment. Our audits are increasingly incorporating elements of our Analytics Assisted Audit. The revised standard introduces specific considerations relating to the auditors' use of automated tools and techniques.

Impact on audit fees

- 11 As a result of the changes outlined above, we expect 2022-23 audits to take longer to complete. We will also be required to use more experienced CCAB qualified staff on audits to deal with the higher level of judgement necessitated by the standard.
- 12 In our August 2022 Consultation on Fee Scales, we indicated that our initial assessment of the impact of this richer skill mix on fees was a potential average increase in fee scales for our financial audit work of between 12% and 18%. This is consistent with expectations in other UK public audit bodies and the private sector audit firms.
- 13 We have now started more detailed risk assessment under the new audit approach and will be able to provide you with an updated assessment of the audit fee once we have completed that initial risk planning. Our initial estimate is that audit fees will increase by 10.2% for ISA 315 in addition to the 4.8% inflationary increase set out in our Audit Wales [2023-24 Fee Scheme](#). Your

Engagement Director will discuss the proposed fee for your audit once that risk assessment has been completed.

Timetable for the Audit of Accounts 2022-23

- 14 The introduction of the revised Standard and a radically different audit approach has implications for audit timetables. We have worked closely with the other UK Public Audit Bodies to develop an audit methodology which we believe will add value to Audited Bodies whilst continuing to maintain the high-quality audit which we know you expect from us. However, it is inevitable that the new approach will require additional time to implement.
- 15 From our discussions with various audited bodies, we are aware that a number of you are struggling to recruit experienced finance staff and that this may also impact audit timetables. We are facing similar challenges and know that this position is consistent with the National Audit Office (NAO), Audit Scotland and the Northern Ireland Audit Office. The NAO's recovery plan article is a useful reference in this context¹. In addition, a more recent report by the National Audit Office (January 2023) highlights the delays to local government audit opinions in England, and describes plans to get back on track with the timetable for published audit opinions².
- 16 As the auditors of Local Government Bodies in Wales, we have also been experiencing delays in completing our audit of the 21-22 accounts. These delays result from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets. This issue affected all local government bodies across the UK that hold infrastructure assets. CIPFA issued its final accounting guidance in early January 2023. Consequently, the Welsh Government issued a letter setting out its expectation that Welsh authority accounts would be certified by 31 January 2023. These issues, together with the late submission of some 21-22 accounts, has impacted

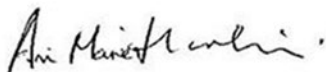
¹ [The NAO: getting government accounts back on track | ICAEW](#)

² [Timeliness of local auditor reporting on local government in England](#)

our ability to commence our 2022-23 audits in line with previous year timetables.

- 17 We support the ambition of the Society of Welsh Treasurers and the sector in general to return to an earlier timetable. We understand from our discussions to date that the sector has an ambition to return to the point where accounts are prepared and available for audit by 30 June each year. Assuming this date can be achieved by a majority of bodies in 2023, and taking into account the issues referred to above, we are therefore proposing an audit certification deadline of **30 November 2023** for LG Bodies in Wales. Should any issues arise that may delay the completion of the audit we will of course discuss an alternative timetable with you at the earliest opportunity.
- 18 We recognise that this is later than many bodies would like but we believe it is important to set realistic timescales we can all work to. Over the next three years our plan would be for a staged return to a 30 September deadline as follows:
 - Audit of Accounts 2022-23 – certification by 30 November;
 - Audit of Accounts 2023-24 – certification by 31 October 2024; and
 - Audit of Accounts 2024-25 – certification by 30 September 2025.
- 19 We value the constructive working relationship we have with your finance teams and will continue to work closely with you to bring forward the deadlines for future years.
- 20 We remain committed to working collaboratively with you to successfully navigate this challenge, building on our shared experiences. We will ensure we attend all the relevant local government fora to discuss the content of this letter with you.
- 21 Thank you to you and your teams for working so well with us.

Yours sincerely



Ann-Marie Harkin
Executive Director Audit Services

Appendix 1 – the key changes to the standard and the potential impact on your organisation

Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (e.g. the network, databases); • IT processes (e.g. managing program changes, IT operations); and • the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may</p>

Key change	Potential impact on your organisation
	need to engage with members of your IT team who have not previously been involved in the audit process.
Enhanced requirements relating to exercising professional scepticism	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
Risk assessments are scalable depending on the nature and complexity of the audited body	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
Audit teams may make greater use of technology in the performance of their audit	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 26 th July 2023
Report Subject	Supplementary Financial Information to Draft Statement of Accounts 2022/23
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

Flintshire County Council approved the following notice of motion on 29th January 2013:

In the interests of openness and transparency, this Motion calls for the Council to publish a separate supplementary report to coincide with and accompany the presentation to Council of the Annual Statement of Accounts.

This supplementary report to contain, in the same style and presentation as the existing 'Senior Employee Emoluments – Salary over £150,000' and 'Salary over £60,000 per year', the same financial information for ALL council employees, consultants and 'non-permanent posts' with a salary over £60,000 per year who are NOT listed within the existing framework of the Annual Statement of Accounts.

In instances where those employees are in post for less than the financial year, then both their actual salary and equivalent annualised salary are to be shown.

This report contains the information requested above in respect of financial year 2022/23.

RECOMMENDATIONS

1	Members review the report.
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REPORT DETAILS

1.00	EXPLAINING THE APPENDIX
1.01	<p>The information requested is shown in Appendix 1 to this report. For clarity the information has been split into 3 categories described in the paragraphs below:</p> <ul style="list-style-type: none"> • Table 1 – Council employees • Table 2 – Posts covered by interim or temporary arrangements • Table 3 – Payments to consultants and non-permanent posts
1.02	<p>Table 1 contains costs (including termination benefits where applicable) for Council employees only (excluding school employees). For the purpose of this report Council employees have been defined as permanent members of staff paid via Flintshire County Council's payroll system.</p> <p>As the notice of motion requests, the detail of any Council employee already included in the 'Senior Employee Emoluments' note in the draft Statement of Accounts 2022/23 has not been included.</p>
1.03	<p>Table 2 shows the number of interim or temporary arrangements in place to cover posts during 2022/23. Where such arrangements are in place, the Council has procured the services of individuals to fulfil the requirements of the post through a contract with another organisation. The Council paid the organisation, and that organisation employed and paid a salary to the individual. Table 2 shows the amounts paid to those organisations for such arrangements in 2022/23. Please note, these amounts DO NOT reflect the individuals' salaries.</p> <p>It is important that Members note that actual costs incurred by the Council in 2022/23 are detailed in the second column in Table 2.</p> <p>The third column, theoretical annual costs, has been supplied to provide an equivalent annualised salary as requested by the notice of motion. Figures have been calculated by taking the hourly or daily costs and grossing up assuming a 37 hour standard week and that 48 weeks per year are worked.</p>
1.04	<p>Table 3 contains payments made for consultants and non-permanent posts.</p> <p>It is important that Members note that actual costs incurred by the Council in 2022/23 are in bold in the third column in Table 3.</p> <p>The fourth column, theoretical annual costs, has been supplied to provide an equivalent annualised salary as requested by the notice of motion. Figures have been calculated by taking the hourly or daily costs and grossing up assuming a 37 hour standard week and that 48 weeks per year are worked. As is clear from the difference between both columns, the individuals were in post for significantly less than a year.</p>
1.05	<p>The Council has adopted the following definition to describe a 'consultant' from the Corporate Resources Overview and Scrutiny Report – March 2016:</p>

	<p><i>A consultant is an organisation or an individual contracted to provide specific services to the Council for a limited period of time. These are services where the Council does not have the expertise 'in-house' to be self-sufficient or where the Council has some expertise but insufficient capacity. It is not possible for the Council to be wholly self-sufficient and it would be a poor use of resources to employ specialist individuals to maintain an internal expertise which is only required occasionally or indeed once.</i></p> <p>Consultants are classified into 2 groups:</p> <ul style="list-style-type: none"> • <i>Retained consultant: with a contract in place for the periodic provision of advice; and</i> • <i>Project consultant: to work on defined and time limited projects on 'strategy, structure or management.'</i>
1.06	<p>The notice of motion specifically requests information on salaries of consultants and non-permanent posts.</p> <p>Figures have been taken from the general ledger on codes used for consultancy and agency workers. These will be on an accruals rather than a cash basis, therefore relating to costs of services provided during the year, rather than amounts physically paid during the year.</p>
1.07	<p>Flintshire County Council leads on a number of collaborative projects with partner local authorities, examples include; the North Wales Residual Waste Treatment Project and the Regional Emergency Planning Service. Members are advised that the information supplied in Appendix 1 does not include the costs of any individual working for joint arrangements, given that the expenditure has been incurred by the partnership and not Flintshire County Council. Joint arrangements that are set up as Joint Committees publish their own separate accounts.</p>

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	The report is a retrospective report and therefore subject to minimal risk.

5.00	APPENDICES
5.01	Appendix 1 – Supplementary financial information to draft Statement of Accounts 2022/23.

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	Definitions required as contained within the report.

SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2022/23

TABLE 1 - COUNCIL EMPLOYEES

Post title	Remuneration (exc. employers pension contributions)		Employers pension contributions	Annualised pay (where applicable)
	£	£		
Residential Home Manager	54,552	13,066		63,159
Team Manager - Resources and Regulated Services	60,781	14,344		
Learning Disabilities Support Worker	61,181	8,042		
Strategic Finance Manager - Financial Strategy and Insurance/Deputy Section 151 Officer	61,534	14,522		
Strategic Finance Manager - Schools Accounting and Finance/Deputy Section 151 Officer	61,534	14,522		
Internal Audit Manager	61,905	14,610		
Service Manager - Housing and Prevention	61,905	14,739		
Principal Education Psychologist	62,664	14,789		
Benefits Manager	62,898	14,844		
Service Manager - Customer Contact	63,419	14,244		
Service Manager - Resources	63,495	14,985		
Service Manager - PDSI	63,495	14,985		
Service Manager - Regulated Services	63,495	14,985		
Regulatory Services Manager	63,495	15,501		
Service Manager - Planning Strategy	63,495	14,985		
Head of Clwyd Pension Fund	63,495	14,985		
IT Infrastructure Services Manager	63,495	14,985		
Service Manager - Access and Natural Environment	63,495	14,985		
IT Business Services Manager	63,495	14,985		
Service Manager - Enterprise & Regeneration Programmes	63,495	14,985		
Community & Business Protection Manager	63,495	14,985		
Transportation Manager	63,734	15,389		
Highway Network Manager	63,890	15,656		
Legal Services Manager and Deputy Monitoring Officer	67,584	15,950		
Service Manager - Locality Services	69,553	16,415		
Early Years and Family Support Manager	72,020	16,997		
Senior Manager - Inclusion & Progression	73,215	17,279		
Senior Manager - School Improvement	73,215	17,279		
Senior Manager - Children's & Workforce	77,824	18,366		
Senior Manager - Safeguarding & Commissioning	77,824	18,366		
Total	1,949,677			

APPENDIX 1

TABLE 2 - POSTS COVERED BY INTERIM / TEMPORARY ARRANGEMENTS / CONTRACT

Post title	Cost		Theoretical annual costs
	£	£	
Housing Solution Officer	11,320		65,712
Housing Solution Officer	15,595		60,384
Housing Solution Officer	55,846		67,488
Social Worker - Family Intervention Team	32,428		75,480
Social Worker - Family Intervention Team	71,414		77,611
Social Worker - Family Intervention Team	14,440		86,633
Social Worker - Family Intervention Team	38,542		60,045
Social Worker - Permanency Team	7,900		71,040
Social Worker - Permanency Team	2,565		75,924
Social Worker - Permanency Team	25,322		86,651
Social Worker - Permanency Team	62,638		86,651
Social Worker - Permanency Team	68,351		72,777
Social Worker - Children's First Contact Team	15,584		65,925
Social Worker - Children's First Contact Team	7,538		66,600
Social Worker - Children's First Contact Team	61,260		71,040
Social Worker - Children's First Contact Team	13,364		65,712
Social Worker - Children's First Contact Team	11,700		79,920
Social Worker - Children's First Contact Team	7,628		79,920
Social Worker - Children's First Contact Team	24,641		83,916
Social Worker - Children's First Contact Team	37,256		83,916
Social Worker - Children's First Contact Team	19,382		78,144
Social Worker - Children's First Contact Team	3,690		88,551
Social Worker - Children's First Contact Team	50,590		98,400
Social Worker - Children's First Contact Team	48,125		92,400
Social Worker - Children's First Contact Team	49,665		92,400
Social Worker - Children's First Contact Team	48,322		92,400
Social Worker - Children's First Contact Team	50,050		92,400
Social Worker - Flintshire County Council Child Protection, Court & Children Looked After Team	12,448		92,400
Social Worker - Flintshire County Council Child Protection, Court & Children Looked After Team	15,400		92,400
Social Worker - Flintshire County Council Child Protection, Court & Children Looked After Team	15,400		92,400
Social Worker - Flintshire County Council Child Protection, Court & Children Looked After Team	11,550		92,400
Social Worker - Flintshire County Council Child Protection, Court & Children Looked After Team	3,465		92,400
Social Worker - Project Work (Children's Services)	17,069		87,237
Social Worker - Adult Social Care, Older People, Community Integration Team	4,730		76,366
Social Worker - Children's Integrated Disability Service	6,159		64,151
Social Worker - Children's Integrated Disability Service	2,953		75,179
Social Worker - Adult Social Care, Mental Health	10,977		73,154
Social Worker - Adult Social Care, Mental Health	15,663		71,147
Social Worker - Disability Services and Mental Health	4,465		70,493
Social Worker - Adult Social Care, Older People, Locality Services	56,259		75,636
Project Manager - Children's First Contact Contract Team	11,173		86,651
Project Manager - Flintshire County Council Child Protection, Court & Children Looked After Team	50,050		92,400
Advanced Practitioner - Children's First Contact Contract Team	57,200		105,600
Advanced Practitioner - Flintshire County Council Child Protection, Court & Children Looked After Team	17,600		105,600
Environmental Health Officer	1,664		95,904
Environmental Health Officer	58,365		83,472
Strategic Housing & Regeneration Programme Delivery Manager	67,200		74,920
Senior Maintenance Surveyor	50,986		65,855
Solicitor - Children's & Safeguarding	124,254		124,254
Solicitor - Adult Social Care	29,090		77,111
Post 16 Learning Adviser	42,132		62,226
Total	1,541,408		

Please note: Payments shown are made to the organisations employing these individuals. These payments DO NOT reflect the salaries those individuals have been paid by their respective organisations.

SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2022/23

TABLE 3 - PAYMENTS TO CONSULTANTS AND NON-PERMANENT POSTS 2022/23

Portfolio	Description	Actual cost incurred	Theoretical annual costs
		£	£
HRA	Project Managing the Dynamic Resource Scheduling System in Repairs	26,263	132,000
Housing & Assets	Engaged to provide independent review for homeless clients	11,150	132,000
Total		37,413	



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th July 2023
Report Subject	Treasury Management Annual Report 2022/23 and Treasury Management Update Q1 2023/24
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

A schedule for the reporting cycle for Treasury Management reports in 2023/24 is attached as Appendix 1 for information.

The draft Treasury Management Annual Report for 2022/23 is attached as Appendix 2 for review.

As required by the Council's Financial Procedure Rules the Annual Report will also be considered by Cabinet prior to approval by County Council. The Committee is requested to identify any matters that require bringing to the attention of Cabinet.

A summary of the key points is included in the body of the report.

The report also provides the first quarterly update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2023/24.

RECOMMENDATIONS

1	Members review the draft Treasury Management Annual Report 2022/23 and identify any matters to be drawn to the attention of Cabinet at its meeting in September.
2	Members review the Treasury Management 2023/24 first quarter update.

REPORT DETAILS

1.00	EXPLAINING THE ANNUAL REPORT AND QUARTER 1 UPDATE
1.01	The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Governance and Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.
1.02	On 15 th February 2022, Council approved the Treasury Management Strategy 2022/23, following the recommendation of the Cabinet and consideration by the Governance and Audit Committee.
1.03	On 23 rd February 2023, Council approved the Treasury Management Strategy 2023/24, following the recommendation of the Cabinet and consideration by the Governance and Audit Committee.
	<u>CONSIDERATIONS</u>
1.04	<p><u>Governance</u></p> <p>A schedule for the reporting cycle for Treasury Management reports in 2023/24 is attached as Appendix 1 for information. Where Members have any specific items of interest, concern or questions on the Council's Treasury Management Policies or Strategies these can be addressed within future reports upon request.</p>
1.05	<p>Annual Treasury Management training for all Members (hosted by the Governance and Audit Committee) delivered by the Council's Treasury Management advisors, Arlingclose Ltd, is being arranged for December 2023. December is considered to be the most appropriate time to schedule the training as it is before Members will be asked to approve the Treasury Management Strategy for the following financial year.</p> <p>Prior to the training, should any Member of the Committee require additional information or wish to learn more about a specific Treasury Management topic, officers are happy to assist.</p>
	<u>Treasury Management Annual Report 2022/23</u>
1.06	The draft Treasury Management Annual Report for 2022/23 is attached as Appendix 2 for review. As required by the Council's Financial Procedure Rules the Annual Report will also be reported to the Cabinet prior to approval by County Council.
1.07	<p><u>Summary of Key Points</u></p> <p>The war in Ukraine continued to keep global inflation above Central Bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during January to March continued to be characterised by high energy and commodity</p>

	<p>prices, high inflation, and the associated impact on household budgets and spending.</p> <p>From 0.75% in March 2022, the Bank of England increased the official Bank Rate to 4.25% during the financial year. The annual CPI measure of UK inflation started the financial year at 5.5% then rose strongly and remained high in subsequent months. The annual headline CPI registered 10.4% in February.</p> <p>Section 2 of the report provides a full economic and interest rate review for 2022/23.</p>
1.08	<p>Due to increases in the UK bank rate, the short-term money market rates have been higher than expected. The average interest rate on the interest earned in the year was 1.87%.</p> <p>Section 4 provides further details of the Council's investment activity during the year.</p>
1.09	<p>Public Works Loan Board (PWLB) long term rates increased during 2022/23 and a total of £5m PWLB loans were taken out during the year. Section 3 provides more information on borrowing and debt management during the year.</p>
1.10	<p>Options for debt rescheduling were explored in conjunction with our treasury management advisors. The premium charged for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. As a consequence, no rescheduling activity was undertaken.</p>
1.11	<p>The treasury function operated within the limits detailed in the Treasury Management Strategy 2022/23.</p>
	<p>Treasury Management 2023/24 – Quarter 1 update</p>
	<p><u>Investments Update</u></p>
1.12	<p>A statement setting out the Council's investments as at 30th June 2023 is attached at Appendix 3. The investment balance at this date was £33.6m spread across 9 counterparties with an average interest receivable of 4.74%.</p>
	<p><u>Borrowing Update</u></p>
1.13	<p>Appendix 4 shows the Council's long term borrowing as at 30th June 2023. The total amount of loans outstanding was £294.9m with an average interest rate payable of 4.53%.</p> <p>Appendix 5 shows the Council's short term borrowing as at 30th June 2023. There were no loans outstanding during this period.</p>
1.14	<p>Appendix 6 provides a quarterly update of treasury management indicators, that the Council measures and manages its exposure to treasury management risk.</p>

1.15	As has been reported previously, the borrowing strategy throughout 2022/23 and into 2023/24 has been to monitor capital expenditure plans to confirm the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly. Short term borrowing is available at much lower rates and is currently being utilised as far as possible without taking on excessive refinancing risk.
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2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the report.

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

4.00	RISK MANAGEMENT
4.01	Risk Management is directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Treasury Management Reporting Cycle 2023/24 2. Draft Treasury Management Annual Report 2022/23 3. Investment Portfolio as at 30 June 2023 4. Long term borrowing as at 30 June 2023 5. Short term borrowing as at 30 June 2023 6. Treasury Management Indicators as at 30 June 2023

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

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
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> <p>Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>

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 His 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.

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): Government Body that sets the Bank Rate. Its primary target is to keep 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): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England

(known as reserves). The end result is more money out in the wider economy.

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.

Treasury Management Reporting 2023/24

Committee Report	Purpose	Governance & Audit Committee	Cabinet	Council
2022/23 Final Outturn & Q1 2023/24 Update	Information & Policy Change	26-Jul-23	19-Sep-23	24-Oct-23
Mid Year Review 2023/24 & Q2 2023/24 Update	Information & Policy Change	22-Nov-23	19-Dec-23	23-Jan-24
2024/25 Strategy & Q3 2023/24 Update	Information & Policy Change	24-Jan-24	20-Feb-24	20-Feb-24
Q4 2023/24 Update	Information	10-Apr-24		

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FLINTSHIRE COUNTY COUNCIL

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TREASURY MANAGEMENT

ANNUAL REPORT 2022/23

1.00 INTRODUCTION

The Council approved the Treasury Management Strategy 2022/23 (the Strategy) including key indicators, limits and an annual investment strategy on 15th February 2022.

The Strategy was produced based on the 2017 edition of the *CIPFA Treasury Management in the Public Services: Code of Practice*.

The purpose of this report is to review the outcomes from 2022/23 treasury management operations and compare these with the Strategy.

Treasury management comprises the management of the local authority's 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.

2.00 ECONOMIC & INTEREST RATE REVIEW 2022/23

This is provided by Arlingclose Ltd, the Council's treasury management advisors.

2.01 Economic background

The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could

charge household was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%- 5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit

facility rate to 3.0% and the main refinancing rate to 3.5%.

2.02 Financial markets

Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

3.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

3.01 PWLB (Public Works Loans Board) Certainty Rate

The Council qualified for the PWLB Certainty Rate, allowing the authority to borrow at a reduction of 20 basis points on the Standard Rate for a further 12 months from April 2022.

3.02 Borrowing Activity in 2022/23.

The total long-term borrowing outstanding, brought forward into 2022/23 was £294.6 million.

	Balance 01/04/2022 £m	Debt Maturing £m	New Debt £m	Balance 31/03/2023 £m
Capital Financing Requirement	352.6	(6.2)	8.9	355.3
Short Term Borrowing	10.0	(10.0)	12.0	12.0
Long Term Borrowing	294.6	(4.8)	5.4	295.2
TOTAL BORROWING	304.6	(14.8)	17.4	307.2
Other Long-Term Liabilities	3.3	(0.6)	0.00	2.7
TOTAL EXTERNAL DEBT	307.9	(15.4)	17.4	309.9
Increase/ (Decrease in Borrowing (£m))	-	-	2.0	

The Council's Capital Programme is financed by a combination of capital receipts and grants, capital expenditure charged to the revenue account (CERA) and borrowing. The borrowing strategy in recent years, in accordance with advice received from the Council's treasury management advisors, Arlingclose, has been to use existing cash balances and short-term borrowing to confirm the long-term borrowing requirement. This is to ensure that the Council does not commit to long-term borrowing too early and borrow unnecessarily, which will be costly. This is balanced against securing low interest costs and achieving cost certainty over the period for which the funds are required so as not to compromise the long-term stability of the portfolio.

Short term borrowing continued to be available throughout the year and was utilised as far as possible without exposing the Council to excessive refinancing risk. The total short term (temporary) borrowing as at 31st March 2023 was £12m with an average rate of 4.55%.

The relative costs and benefits of internal / short-term borrowing and long-term borrowing were monitored closely, in conjunction with Arlingclose, throughout the year. Although Arlingclose's advice was to keep borrowing short, the Council continued to have a long-term borrowing requirement. In February, the borrowing rates became volatile and fell to a low level. After discussing with Arlingclose, the following loan was taken out:

Start Date	Maturity Date	Amount	Rate	Loan Type
10 Feb 2023	10 Feb 2041	£5.0m	3.91%	EIP

On 31st March 2023, £271.5m of the Council's loans were in the form of fixed rate with the PWLB, £18.95m were variable rate in the form of LOBOs (Lender Option Borrower Option) and £4.71m were interest free loans from the Government, available for specific schemes. The Council's average rate for long term borrowing was 4.53%.

The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31st March 2023 was £355.3m. The Council's total external debt was £309.9m.

3.03 Lender Option Borrower Option loans (LOBOs)

The Council holds £18.95m of LOBOs, 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 these LOBOs had options during the year, none of which were exercised by the lender.

3.04 Debt Rescheduling

Options for debt rescheduling were explored in conjunction with the Council's treasury management advisors. The premium charged for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. As a consequence, no rescheduling activity was undertaken.

The Corporate Finance Manager, in conjunction with the Council's treasury management advisors, will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long-term portfolio (amend the maturity profile and/or the balance of volatility).

3.05 CIPFA Prudential Code Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The Council will follow the same process as the Prudential Code.

4.00 **INVESTMENT ACTIVITY**

4.01 **Guidance**

The Welsh Government's Investment Guidance gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

4.02 **Investment Activity in 2022/23**

Summary of investments as at 31st March 2023.

Country	Total	<1 month	1 –12 months	>12 months
	£m	%	£m	£m
UK BANKS	1.0	1.0		
UK BUILDING SOCIETIES				
OVERSEAS				
MMF's	28.0	28.0		
LOCAL AUTHORITIES				
DMO	5.0		5.0	
<u>TOTAL</u>	34.00	29.00	5.00	

The investment for £5m was classified as a short-term investment in the Council's Balance Sheet. The remainder of the investments had maturities of less than 3 months, so were classified as cash.

Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Strategy for 2022/23. Investments during the year included:

- Deposits with the Debt Management Office
- Deposits with other local authorities
- Investments in AAA-rated Low Volatility Net Asset Value (LVNAV) money market funds
- Call accounts and deposits with banks and building societies

4.03 **Credit Risk**

The Council assessed and monitored counterparty credit quality with reference to credit ratings, credit default swaps, GDP of the country in which the institution

operate, the country's net debt as a percentage of GDP, and share price. The minimum long-term counterparty credit rating determined by the Council for the 2022/23 treasury strategy was A-/A-/A3 across rating agencies Fitch, S&P and Moody's.

4.04 Counterparty Update

Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

In July, Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September, S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander. During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114

notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree of caution is merited with certain authorities.

4.05 Liquidity

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of money market funds and call accounts.

4.06 Yield

Due to the increases in the UK bank rate, the short-term money market rates have been higher than expected. The Council's budgeted investment income for the year had been prudently estimated at £0.010m, based on an average rate of 0.1%. The average investment balance was £49.7m during the period and interest earned was £0.940m, at an average interest rate of 1.87%.

4.07 Loans to NEW Homes

The loans to NEW Homes do not meet the definition of an investment and are not therefore included in the Council's investment figures. They are classed as capital expenditure.

5.00 COMPLIANCE

The Council can confirm that it has complied with its Prudential Indicators for 2022/23. These were approved by Council as part of the Treasury Management Strategy on 15th February 2022.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2022/23. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

The treasury function operated within the limits detailed in the Treasury Management Policy and Strategy Statement 2022/23.

6.00 OTHER ITEMS

The following were the main treasury activities during 2022/23:

- The Council's Governance and Audit Committee received a Mid-Year Report on 14th November 2022.

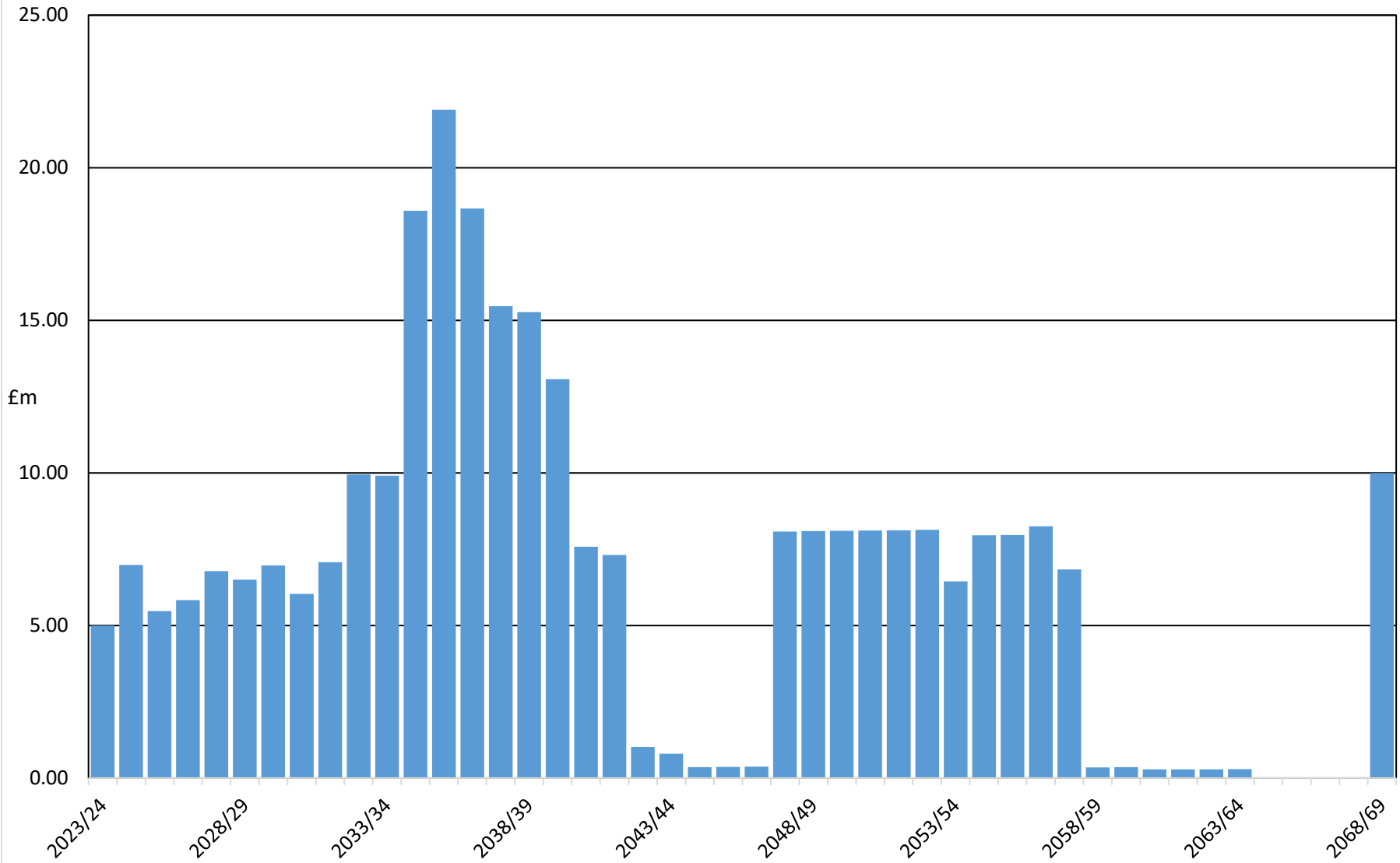
- Quarterly update reports were presented to the Governance and Audit Committee.
- The 2023/24 Investment Strategy Statement was approved by Council on 23rd February 2023.
- The Council's cash flow was managed on a daily basis. During the year the Council acted both as a borrower and as a lender and was a net borrower over the year in question. The maximum investments the Authority had on deposit at any one time were £74.2m and the maximum long-term borrowing at any one time was £296.5m.

7.00 CONCLUSION

The treasury management function has operated within the statutory and local limits detailed in the 2022/23 Treasury Management Strategy.

The Treasury Management Policy was implemented in a pro-active manner with security and liquidity as the primary focus.

Debt Maturity Profile - Mar 2023



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FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 30th June 2023

APPENDIX 3

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
DEBT MANAGEMENT OFFICE	5.0	06/06/23	06/12/23	4.79%	120,078	UK GVT	3 months +
DEBT MANAGEMENT OFFICE	5.0						
ABERDEEN LIQUIDITY FUND	4.0	01/04/23	31/07/23	4.80%	63,649	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	4.0						
AVIVA INVESTORS	4.0	01/04/23	31/07/23	4.79%	63,517	MMF	1 month or less
AVIVA INVESTORS	4.0						
CCLA PUBLIC SECTOR DEPOSIT	4.0	01/04/23	31/07/23	4.77%	63,252	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	4.0						
FEDERATED INVESTORS	4.0	01/04/23	31/07/23	4.67%	61,925	MMF	1 month or less
FEDERATED INVESTORS	4.0						
HSBC STERLING ESG FUND	4.0	01/04/23	31/07/23	4.67%	61,925	MMF	1 month or less
HSBC STERLING ESG FUND	4.0						
INSIGHT LIQUIDITY FUND	4.0	01/04/23	31/07/23	4.70%	62,323	MMF	1 month or less
INSIGHT LIQUIDITY FUND	4.0						
INVESCO AIM STIC	1.0	01/04/23	31/07/23	4.64%	15,382	MMF	1 month or less
INVESCO AIM STIC	1.0						
MORGAN STANLEY	3.6	01/04/23	31/07/23	4.70%	56,091	MMF	1 month or less
MORGAN STANLEY	3.6						
TOTAL	33.6			4.74%	568,143		
PREVIOUS REPORTS TOTALS (28th February 2023)	28.4			3.70%	895,105		
PREVIOUS YEARS REPORTS TOTALS (30th June 2023)	41.6			1.06%	127,183		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 30th June 2023

APPENDIX 3

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	5.0	15%			5.0	
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Overseas	0.0	0%				
Local Authorities	0.0	0%				
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	28.6	85%	28.6			
Total (£)	33.6		28.6	0.0	5.0	0.0
Total (%)		100%	85%	0%	15%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 30th June 2023

APPENDIX 4

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
-----------------	------------------------------	-----------------	-------------------	--------------------

PWL Fixed Rate Maturity Loans				
20/03/86	2,436,316	9.50	231,450	30/11/25
01/04/86	1,392,181	9.13	127,036	30/11/23
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/10/88	870,113	9.25	80,485	30/09/23
26/05/89	1,044,135	9.50	99,193	31/03/25
26/05/89	1,044,135	9.50	99,193	31/03/29
28/09/95	561,642	8.25	46,335	30/09/32
28/09/95	181,120	8.63	15,622	30/09/32
28/09/95	348,045	8.25	28,714	30/09/27
28/09/95	696,090	8.25	57,427	30/09/28
28/09/95	1,740,226	8.25	143,569	30/09/29
28/09/95	1,740,226	8.25	143,569	30/09/30
28/09/95	1,740,226	8.25	143,569	30/09/31
28/09/95	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
17/07/97	4,000,000	7.13	285,000	31/03/55
17/07/97	4,000,000	7.13	285,000	31/03/56
17/07/97	4,492,873	7.13	320,117	31/03/57
17/07/97	3,500,000	7.00	245,000	31/03/55
17/07/97	3,500,000	7.00	245,000	31/03/56
17/07/97	3,278,252	7.00	229,478	31/03/57
20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34
17/09/98	3,850,000	5.25	202,125	31/03/58
08/12/98	1,200,000	4.75	57,000	31/03/54
08/12/98	2,500,000	4.75	118,750	31/03/58
08/12/98	4,800,000	4.50	216,000	31/03/54
01/04/99	6,000,000	4.63	277,500	31/03/53
22/04/99	4,000,000	4.50	180,000	31/03/52
10/08/99	1,700,000	4.50	76,500	31/03/53
10/08/99	3,700,000	4.50	166,500	31/03/52
10/08/99	7,700,000	4.50	346,500	31/03/51
10/08/99	7,700,000	4.50	346,500	31/03/50
10/08/99	7,700,000	4.50	346,500	31/03/49
10/08/99	7,700,000	4.50	346,500	31/03/48
05/04/01	2,500,000	4.75	118,750	31/03/25
02/08/05	1,700,000	4.45	75,650	18/04/31
02/08/05	4,900,000	4.45	218,050	18/04/32
02/08/05	4,600,000	4.45	204,700	18/04/33
02/08/05	1,800,000	4.45	80,100	18/04/34
02/08/05	2,244,611	4.45	99,885	18/04/35
02/04/15	8,000,000	4.17	333,600	02/10/36
02/04/15	7,000,000	4.18	292,600	02/10/37
02/04/15	7,000,000	4.19	293,300	02/10/37
02/04/15	7,000,000	4.20	294,000	02/10/38
02/04/15	7,000,000	4.21	294,700	02/10/38
02/04/15	5,448,094	4.22	229,910	02/10/39
02/04/15	10,800,000	4.11	443,880	02/10/34
02/04/15	9,000,000	4.13	371,700	02/10/35
02/04/15	9,000,000	4.14	372,600	02/10/35
02/04/15	9,000,000	4.16	374,400	02/10/36
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	225,320,113	5.09	11,475,766	

PWL Fixed Rate Annuity Loans				
06/12/18	7,174,032	2.79	200,155	06/01/63
07/01/20	560,521	3.06	17,152	07/01/60
30/03/20	281,440	2.65	7,458	30/03/60
30/03/20	1,023,618	2.65	27,126	30/03/60
02/11/20	1,346,956	2.55	34,388	02/11/57
09/02/21	2,453,327	1.79	43,915	09/02/58
30/04/21	563,379	2.15	12,113	30/04/61
Total	13,403,272	2.55	342,306	

PWL Fixed Rate Equal Instalment of Principal Loans				
01/04/19	7,666,667	1.65	162,250	01/04/34
13/08/19	6,041,667	1.28	77,333	13/08/37
16/12/20	4,545,455	1.16	52,727	16/12/42
28/01/22	9,545,455	2.07	197,591	28/01/44
10/02/23	5,000,000	3.91	195,500	10/02/41
Total	32,799,242	2.09	685,402	

Market Fixed Rate Loans (LOBOS)				
24/07/07	6,350,000	4.48	284,480	24/01/40
24/07/07	6,300,000	4.53	285,075	24/01/41
24/07/07	6,300,000	4.58	288,540	24/01/42
Total	18,950,000	4.53	858,095	

Other Government Loans				
27/03/18	1,721,020	0.00	0.00	01/10/28
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
27/03/19	887,380	0.00	0.00	01/04/29
05/05/20	461,500	0.00	0.00	31/03/26
09/07/21	103,000	0.00	0.00	31/03/29
18/01/22	41,450	0.00	0.00	01/10/25
04/04/22	43,000	0.00	0.00	01/10/25
12/07/22	27,400	0.00	0.00	01/10/29
29/12/22	300,000	0.00	0.00	31/03/29
29/03/23	29,371	0.00	0.00	01/03/27
	4,474,120	0	0	

Totals				
Fixed Rate	271,522,628		12,503,474	
LOBOs	18,950,000		858,095	
Other	4,474,120		0	
Grand Total	294,946,747	4.53	13,361,569	

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FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 30th June 2023

APPENDIX 5

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
No loans outstanding							
TOTAL	0.0			0.00%	0	0	
PREVIOUS REPORTS TOTALS (28th February 2023)	0.0			0.00%	0	0	
PREVIOUS YEARS REPORTS TOTALS (30th June 2022)	5.0			0.16%	2,696	1,348	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 30th June 2023

APPENDIX 5

SHORT TERM BORROWING TYPE	Total Amount Borrowed £m	% of Total Portfolio	Period to Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Local Authorities	0.0	0%				
Total (£)	0.0		0.0	0.0	0.0	0.0
Total (%)		0%	0%	0%	0%	0%

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

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

	Upper Limit	Lower Limit	30.06.23 Actual
Under 12 months	20%	0%	8.13%
12 months and within 24 months	20%	0%	2.37%
24 months and within 5 years	30%	0%	6.15%
5 years and within 10 years	50%	0%	13.89%
10 years and above	100%	0%	69.46%

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.

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

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£0m	£0m	£0m
Limit on principal invested beyond year end	£5m	£5m	£5m

Borrowing Limits - The Council approved these Prudential Indicators as part of the Capital Strategy report. However they are repeated in the Treasury Management Strategy for completeness.

	2023/24 Limit	30.06.23 Actual
Operational boundary – TOTAL	£403m	£298.3m
Authorised limit – TOTAL	£438m	£298.3m

Interest Rate Exposures: The reporting of this indicator is not required by the CIPFA Code; however this calculation shows the Authority’s exposure to interest rate risk. The table below shows a comparison between the one-year revenue impact of a 1% rise or fall in interests at 31st March 2023 and 30th June 2023

Interest rate risk indicator	31.03.23 £'000	30.06.23 £'000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	27.1	30.2
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	118.9	99.5

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



GOVERNANCE & AUDIT COMMITTEE

Date of Meeting	Wednesday 26 th July 2023
Report Subject	Certification of Grants and Returns 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The purpose of the report is to inform Members of the grant claim certification for the year ended 31st March 2022.

The Councils external auditors, Audit Wales are required to report annually on the certification of grant claims and returns and the annual report for 2020/21 is appended to this report.

The Finance Management Team and the relevant service areas have considered the report in detail and have addressed the specific findings contained in the report.

A number of recommendations have been made and all agreed management actions in response to the recommendations are included in the report and are in progress.

The Council will work to enhance the systems in place for the 2022/23 audit and continue to work closely with Audit Wales and Internal Audit to ensure that the processes in place are adequate.

RECOMMENDATIONS

1	Members are requested to note the content of the Grant Claim Certification report for 2021/22.
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REPORT DETAILS

1.00	EXPLAINING THE GRANT CERTIFICATION REPORT 2021/22
1.01	The Councils external auditors, Audit Wales are required to report annually on the certification of grant claims and returns and the annual report for 2021/22 is appended to this report. Audit Wales will be in attendance at the meeting to present the report.
1.02	The findings and specific recommendations made by Audit Wales in the report have been considered by Officers and responses on the actions to be taken are included within the report and are in progress.
1.03	<p>In relation to the overall grants and returns total of £110.4m, the net adjustment to claims was £192,628.</p> <p>The main adjustment was on the Non-Domestic Rates Return due to a typographical error in identifying a figure of £95,500 without a minus sign. This was pointed out by the Revenues Service at the start of the audit, and the adjustment of £191,000 made accordingly by Audit Wales.</p> <p>The other small adjustment of £1,628 was due to cell errors on the Housing Benefit and Authority Tax Subsidy claim increasing the amount payable to the Department for Work and Pensions.</p>
1.04	As in previous years Officers will continue to work alongside Audit Wales to further improve the quality of the claims and to address specific issues as they arise.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in the report

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The report has been shared with staff with responsibility with dealing with grants.

4.00	RISK MANAGEMENT
4.01	As set out in the report

5.00	APPENDICES
5.01	Appendix 1 – Certification of Grants and Returns 2021-22, and Returns 2020-21 – Flintshire County Council, Audit Wales report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Gary Ferguson – Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
	<p>Audit Wales: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Budget: a statement expressing the Councils 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.</p> <p>Certification: A statement, signed by an applicant or grantee as a prerequisite for receiving funds, that it (1) meets or will adhere to certain conditions and/or (2) will undertake or not undertake certain actions.</p> <p>Financial Year: a financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.</p> <p>Grant: The annual external audit of the Council's Statement of Accounts.</p> <p>Grant Completion Checklist: a template produced to determine the evidence and information required to be prepared to support a grant claim submission.</p> <p>Revenue: a term used to describe the day-to-day costs of running the Council services and income derived from those services. It also includes charges for the repayment of debt, including interest, and may include direct funding of capital expenditure.</p>

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Certification of Grants and Returns 2021-22 – Flintshire County Council

Audit year: 2021-22

Date issued: May 2023

Document reference: 3615A2023

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

Contents

Summary of certification work outcomes	3
Recommendations	9

Summary of certification work outcomes

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Flintshire County Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2021-22 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2022-23.
- 4 For 2021-22 we certified three grant claims totalling a grant value of £110.4 million (2020-21: 3 claims totalling £108.6m).
- 5 We would like to acknowledge the assistance and co-operation received from officers during the audit.
- 6 Detailed on the following pages is a summary of the key outcomes from our certification work on the Authority's 2021-22 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 7 A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Introduction and background	<p>This report summarises the results of work on the certification of the Authority’s 2021-22 grant claims and returns.</p> <ul style="list-style-type: none"> – As appointed auditors of the Authority, we are asked on behalf of the Auditor General to certify grant claims made by the Authority. – For 2021-22, we certified three grants and returns with a total value of £110.4 million. – This report provides feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements to your processes for preparing and co-ordinating the accurate, timely completion of grant claims and returns.
Timely receipt of claims and returns	<p>Two of the three grants and returns were received on time.</p> <ul style="list-style-type: none"> – Our analysis shows that two of the three claims and returns were received by the Auditor’s deadline. This represents a decline from 2020-21 where all the returns were received on time. – All three claims were certified after the relevant certification dates. All grant paying bodies were kept up-to-date throughout the audits. The late receipt of one claim or return by Audit Wales had no effect on the certification deadlines.
Certification results	<p>One of the three claims and returns were qualified.</p> <ul style="list-style-type: none"> – This is an improvement from 2020-21 where all three claims and returns were qualified. – The reasons for qualifying the grants are detailed on pages 7 to 9 of this report.
Audit adjustments	<p>Adjustments were necessary to two claims or returns as a result of our work this year.</p> <ul style="list-style-type: none"> – This is a decline from 2020-21, where adjustments were necessary to only one claim or return submitted for audit. – There was one significant adjustment (i.e. over £10,000) made to the Non-Domestic Rates return of £191,000. – An adjustment of £1,628 was also made on the Housing Benefit Subsidy Return.
The Authority’s arrangements	<p>The Authority has adequate arrangements for preparing its grants and supporting our certification work, but some improvements are required as detailed on pages 10 to 13 of this report.</p>

Grants and returns	Claim due	Claim received	Late Submission	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)
Housing Benefit and Authority Tax Subsidy	30 April	28 April	No	Yes	No	£1,628
Non-Domestic Rates Return	27 May	14 November	Yes	No	£191,000	No
Teachers' Pensions	30 June	26 May	No	No	No	No
Total					£191,000	£1,628

8 This table summarises the key issues behind each of the adjustments or qualifications.

Ref	Summary observations	Amendment
1	<p>Housing Benefit and Authority Tax Subsidy</p> <p>Non-HRA rent rebates</p> <ul style="list-style-type: none"> - System issue – testing identified an anomalous overpayment resulting in expenditure being incorrectly included. - System issue – testing identified a duplicate benefit payment being created for a specific period. - Overpayment misclassification – testing identified two cases where overpayments had been misclassified as eligible overpayments. - Expenditure misclassification – testing identified expenditure which had been classified within the incorrect subsidy cell. <p>HRA Rent Rebates</p> <ul style="list-style-type: none"> - Incomplete use of available evidence – testing identified one case where income included within Real Time information had not been applied to the claim. - Incorrect earned income – testing identified one case where earned income included in the claim was incorrect. - Overpay misclassification – testing identified one case where an overpayment had been incorrectly classified as LA error and administrative delay. <p>Rent Allowances</p> <ul style="list-style-type: none"> - Incorrect non-dependant income – testing identified two cases where the income used to calculate non-dependant deductions was incorrect. 	<p>Our qualification letter to the Department for Work and Pensions (DWP) also reported extrapolated errors totalling £6,979.</p> <p>The DWP is currently considering our findings and is proceeding to decide on the potential recovery of any overpaid subsidy.</p>

	<ul style="list-style-type: none"> – Incorrect earned income – testing identified one case where earned income included in the claim was incorrect. <p>The claim was amended as our audit identified errors that affected several cells within the return. The net effect of these amendments was to increase the amount payable to the Department for Work and Pensions by the Authority by £1,628.</p>	£1,628
2	<p>Non-Domestic Rates Return</p> <ul style="list-style-type: none"> – Testing of small business rate relief for Post Offices identified four properties in receipt of the relief that were not Post Offices. This misclassification had no effect on the contribution to the pool and is being corrected in 2022-23. – Original Contributions to the Pool in Line 27 of the NDR3 form of £64,771,663 were £8,839 less than shown in the Authority’s general ledger. – Incorrect signage was used in the calculation of losses in collection within Line 25 resulted in amendment to the claim of £191,000. 	None £191,000
3	<p>Teachers’ Pensions Return</p> <ul style="list-style-type: none"> – No issues were noted during the audit of the return. 	None
	Total effect of amendments to the Authority	£192,628

Recommendations

- 9 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year’s audit.

Priority 1	Priority 2	Priority 3
<p>Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing Benefit and Authority Tax Subsidy</p> <p>Errors in the housing subsidy claim, particularly:</p> <ul style="list-style-type: none"> • housing subsidy overpayments misclassified; and • incorrect earned income in benefit calculation 	<p>Claim may be qualified.</p>	<p>R1 Review the existing quality assurance arrangements for housing benefit overpayments, awards and deductions to determine whether they can be strengthened to reduce the number of errors in the housing subsidy claim.</p>	<p>1</p>	<p>Overpayments and earned income testing are at the forefront of our 2023/24 quality assurance plan. Whilst errors were identified, the LA considers the audited claim to be exceptionally accurate, achieving 99.82% accuracy in LA Error.</p>	<p>Ben Steventon/Anna Friend</p> <p>Ongoing in 2023/24</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing Benefit and Authority Tax Subsidy</p> <p>Housing benefit system issues resulting in the benefit awarded not able to be fully reconciled.</p>	<p>Claim may be qualified.</p>	<p>R2 Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as appropriate to ensure they fully reconcile to the system.</p>	<p>1</p>	<p>We continue to engage with Civica regarding system issues but in the main, these are largely out of the control of the LA. Issues tend to be raised as 'bugs' by the software provider and these often takes months or years to be resolved.</p>	<p>Ben Steventon/Anna Friend</p> <p>Ongoing in 2023/24</p>
<p>Non-Domestic Rates Return</p> <p>Contributions to the pool not fully reconciled to the Authority's financial ledger.</p>	<p>Any variance in contribution may need to be recovered by the Welsh Government.</p>	<p>R4 Fully reconcile contributions to pool to the financial ledger prior to submission to Welsh Government.</p>	<p>1</p>	<p>Line 25 in the NDR3 return was inadvertently recorded as a £95.5k positive value as opposed to a negative value which impacted on</p>	<p>Vicki Hankin</p> <p>31/07/2023</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				<p>the overall claim by circa £191k. Officers in the Revenues service identified the error at the start of the audit and alerted the auditor to the typographical error. Additional measures have been put in place to check the values and +/- signs in relevant cells.</p>	
<p>Non-Domestic Rates Return Incorrect classification of small businesses (although no effect on claim)</p>	<p>Return may be qualified.</p>	<p>R5 Ensure that businesses/ properties are assigned correct coding within the Non-Domestic Rates system.</p>	<p>3</p>	<p>A very small number of incorrectly classified have been corrected. Additional measures have</p>	<p>Vicki Hankin 31/07/2023</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
		Review existing quality assurance arrangements for classification of businesses to identify improvements.		been put in place to check the classifications, even though the errors did not have any material effect on the claim	
<p>Teachers Pension's Return</p> <p>Significant delays were experienced in obtaining suitable and sufficient evidence to support entries within the End of Year Certificate.</p>	Return may not be submitted within deadline or submitted as qualified due to insufficient evidence.	R6 Ensure that all audit evidence is available to auditors and queries are responded to in a timely manner	2	Agreed – The method of providing information to Audit Wales changed for the 2021/22 Return which resulted in unforeseen technical difficulties. All future evidence will be loaded onto the shared database in a timely manner	John Griffiths 30/06/2023

Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.